

The NATIONAL UNDERWRITER



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and best wishes for your
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year from all of us at
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ASSOCIATED INDEMNITY CORPORATION
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SAN FRANCISCO

THURSDAY, DECEMBER 12, 1946

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... the Agents of all companies of our Group have, through their continued loyalty and support, made this a most memorable Anniversary Year.

The National Fire Group

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EXECUTIVE AND ADMINISTRATIVE OFFICE, HARTFORD 15, CONN.

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234 BUSH STREET, SAN FRANCISCO 20, CAL.

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Come Close to Final Accord on Legislative Program

**Solution with All
Acquiescing Forecast at
N.A.I.C. Convention**

By ROBERT B. MITCHELL

NEW YORK—As the National Assn. of Insurance Commissioners midyear meeting drew near its close, it appeared that the great overshadowing problem of squaring state laws with the S.E.U.A. decision and public law 15 would shortly be settled to the satisfaction, or at least with the acquiescence, of all parties at interest.

Unfortunately, despite the manifold labors and long hours which the N.A.I.C. committee on federal legislation and rates and rating organizations and the all-industry committee put in, including five straight days ending last Saturday night, it was not possible to reach a final accord on some phases of the proposed legislation.

Areas Still Unsettled

As Dineen of New York, N.A.I.C. president, pointed out, there are some points that will have to be settled at a subsequent meeting of the N.A.I.C. and all-industry committees to be held within the next few weeks. Among these is whether the proposed fair-trade practices act, described elsewhere in this issue, should apply only to concerted acts of boycott, coercion and intimidation or whether, as the N.A.I.C. committee contends, it should embrace also any such act, even though effected by an individual. The National Assn. of Insurance Agents is particularly opposed to the inclusion of individual acts, fearing this might be construed to cover many phases of ordinary business competition.

Another point to be settled is the adoption of the amendment to the model rating bills proposed by Henry Moser, counsel of Allstate, on behalf of the National Assn. of Independent Insurers. This would eliminate the requirement for filing supporting data with rates but the commissioner would have power to call for such information if he lacks sufficient information on which to determine whether the rate meets the act's requirements. Filings may be supported by the experience or judgment of the rating organization or insurer making the filing, the experience of other insurers or rating organizations, or any other factors which the insurer or rating organization deems relevant.

The Moser amendment was approved by a majority of the all-industry committee. Two representatives on the committee did not vote and two others—reported to be American Mutual Alliance and National Assn. of Mutual Insurance Agents—voted against the proposed amendment.

BEHIND CLOSED DOORS

This leaves a problem for the N.A.I.C. committee to handle at its post-convention conference with the all-industry committee. Both on general grounds of unity and because of the political strength of the mutuals it would be regarded as unfortunate if this difference of opinion cannot be straightened out.

MENACE TO AGENT: STOTT

"Individual Boycott" Provision in Trade Practices Bill Criticised

NEW YORK—A vigorous debate between John C. Stott of Norwich, N. Y., chairman of the National Assn. of Insurance Agents committee on P.L. 15 problems, and Superintendent Dineen of New York on the inclusion in the fair trade practices draft bill of language aimed at individual acts of boycott, coercion or intimidation took up almost the entire Monday session of the rates and rating organization committee of the National Assn. of Insurance Commissioners.



John C. Stott

Mr. Stott contended that section 4 (a) (4) of the draft bill, which prohibits "entering into any agreement to commit, or individually or by any concerted action committing any act of boycott, coercion or intimidation resulting or tending to result in unreasonable restraint of, or a monopoly in, the business of insurance," dangerously circumscribes the activities of individual agents. He said the inclusion of the words "individually or" constitutes an attempt to introduce for the first time in this country a declaration to make what he called primary boycott on the part of an individual illegal.

Constant Danger of Violation

Mr. Stott said this new doctrine applied to the daily operation of an insurance agent would confront him with the possibility that he would violate the law in nearly every movement he undertakes. If he should represent to an assured that he can do a better job for him than his present agent or broker, he is instantly subjected to the charge of boycotting the other agent or broker. If he should resign the representation of a company and place expiring policies in another company he may be charged with boycotting the resigned company, Mr. Stott said.

If the words "individually or" are permitted to remain, individual initiative, so important to progress in the insurance business, will be stifled, Mr. Stott warned, saying that when statutory law imposes on an individual the necessity to square every thought and act with a law subject to so many interpretations, administrative in the first instance at least by the insurance commissioner, then individuals will be prevented by fear from giving their best service to

the industry. One could scarcely conjure up a condition which would more surely result in the suppression of necessary free competition than would this law, he said. He cited the Miller case in Minnesota as indicating what can happen when an agent feels he has a grievance against his competitors.

Dineen Speaks for N.A.I.C. Committee

At the request of Harrington of Massachusetts, committee chairman, Mr. Dineen undertook to answer Mr. Stott's objections to the inclusion of "individually or" in the draft, pointing out that the committee's report had said "certain phases" of the report required further study and this was one of them. He said the reason for wanting to include the words was that P.L. 15 covers not merely acts in concert but any act of boycott, coercion or intimidation. That law is in effect now, and "we can pass bills till we're blue in the face but we can't oust the federal government," he said.

This being so, he said some might naturally wonder what sense there was in putting anything about boycott, coercion and intimidation in the bill. The answer was that the committee felt that if the states passed laws covering this point in P.L. 15 and people were given no occasion to go to Washington with complaints the Justice Department would not be building up a dossier on the matter. The hope was that the handling of such offenses could be kept at home, but it could not be done as a matter of legal compulsion. However, it would be no use, he said, to pass a state law that did not include acts committed individually as well as in concert. He warned that if a law covers "one-sixteenth of an inch less than is covered by public law 15 we're going to make ourselves look like damn fools."

W. H. Bennett Voices Objection

Walter H. Bennett, counsel of N.A.I.A., objected to the bill on the ground that it didn't follow the language of P.L. 15 but used part of it and added some of the committee's devising.

Chairman Harrington announced that the committee had received a substituted footnote to the model bill for A. & H. regulation which made it clear that the measure was intended to cover only individual accident and health policies and not supplementary benefits in life insurance policies, medical expense plans, or group accident and health policies. He said the committee had the footnote under consideration.

Much of the general sessions was executive. Except for the usual ceremonies the first day and a few announcements the second day, all of the first two days' general sessions were closed to all but the commissioners and is understood that the matter of helping finance the proposed central office through the sale of insurance department decision bulletins was discussed and at the other the situation with respect to company examinations was taken up. Garrison of California having expressed dissatisfaction with the examination results of an out-of-state insurer.

Air Forces Movie Is Shown

An impressive feature of the luncheon was the showing of the air forces motion picture, just released, showing the bombing of Japan, air battles with Jap fighters, and climaxed by the dropping of the atomic bomb. It is all in color and without a doubt one of the most moving and exciting films to come out of the war.

As in the past, Albert N. Butler, vice-president of Corroon & Reynolds, was chairman of the committee on arrange-

(CONTINUED ON PAGE 15C)

Atlanta Tragedy Stuns Nation, Demand End to Epidemic

**La Salle-Winecoff-Canfield
Fires Arouse Determina-
tion for Reform**

ATLANTA—The nation's most disastrous hotel fire here in the early morning Saturday took 120 lives and injured 75, many seriously, when the Winecoff hotel was gutted from the fourth through the 12th floor.

The Winecoff disaster stunned the nation, particularly coming as it did on the heels of two other 1946 sensational hotel tragedies—La Salle hotel, Chicago, in which 61 lives were lost, and Canfield hotel, Dubuque, 21 fatalities. The shock was reflected almost instantaneously throughout the nation in aroused determination to take radical steps to put a halt to such an epidemic. Everyone is trying to apprehend what may be the common denominator of these fires so that controls may be effectively applied.

The hotel was purchased for \$750,000, and had \$350,000 fire insurance in four companies on the building, \$50,000 U.&O., and \$25,000 on furnishings. The extent of damage is as yet undetermined.

Public liability coverage of \$20/70,000 limits is carried in Ocean Accident.

Starting about 3:30 a. m., Saturday, the blaze made rapid headway up the elevator shafts and the stairways and spread with lightning-like rapidity, trapping guests in their rooms on all floors. Fire department forces were on the scene in less than 10 minutes after the alarm and in addition to all the Atlanta equipment aid came from the suburbs of East Point, Decatur, College Park and Hapeville, while the Fulton county departments located in proximity to Atlanta also turned out.

All police officers, Red Cross disaster squads and many other organizations hurried to the scene, including doctors, nurses, boy scouts and other groups. The scene that greeted those first on the spot was indescribable. Men, women and children crowded at the windows and it is estimated that at least 40 jumped to their death, and many were saved by life nets spread by firemen. One woman threw her two children and followed them to death, and numerous instances of horrible nature characterized the scene.

Rated as "Fireproof"

The hotel was located in the downtown metropolitan district and was 15 stories high, rated as fireproof. The structure faced the famous Peachtree street and it was from this point on-lookers observed the ghastly spectacle, as person after person leaped to their death. Practically all persons on the affected floors lost their lives, or were seriously injured. Rescue workers fought to go to their assistance, put the panic prevented much effective work.

Within less than two hours after the alarm was spread the fire was under complete control, but in the meantime havoc had been wrought by fire and smoke, in addition to those who died in attempted leaps to safety. W. F. Winecoff, the builder of the hotel, constructed in 1913, and his wife, were

(CONTINUED ON PAGE 15B)

McCain for Model Bills

HARTFORD—A brief explanation of the all-industry bills has been sent to all agents countrywide of Aetna Fire over the signature of President W. Ross McCain. In his letter Mr. McCain says: "Our companies completely support the . . . bills and they, through the fire and casualty associations of which they are members, have participated in the preparation of the . . . bills."



W. R. McCain

The explanation points out that the all-industry committee devoted nearly two years in considering this legislation and that while these are not perfect bills, they are worthy of full support. He adds that while experience in the future may indicate the necessity of some modifications, these bills are the best which have been offered up to the present time to meet the requirements of public law 15 in order to protect the cooperative making of rates from the impact of the Sherman act, and to assure the continuance of regulation by the states rather than by the federal government.

Answers Sawyer Plan

Mr. McCain alluded to the Sawyer amendments which would remove the requirement for supporting information, remove the statutory duty of the commissioner to review the rates, and remove the waiting period.

"This plan," he said, "would permit a company to change its filings daily, or even more frequently if it chose to do so, thereby making an intelligent administration by the state a practical impossibility. It increases the possibility of rate wars. It means that the agents' dollar rate is subject to day-to-day fluctuation even though commission percentage remains unchanged."

"Under the proposal the rates filed and charged might be in existence for months before the commissioner would decide that they are excessive under the Sawyer proposal; that determination would not result in a return to the public of any money which had been overcharged. . . . The insurance industry . . . we do not believe, will ever want to take that position before a state legislature or in Washington, and even if we did, it is probable that no state legislature and no Congress would stand for it. It may, therefore, be safely assumed that under any bill regulating according to the Sawyer proposal the provision that any change in rates by the insurance commissioner's order shall not affect any contract prior thereto, will be deleted, whereas under the all-industry bill it is a perfectly proper provision because the state has the right to pass upon the reasonableness of the rate before it is charged."

"What happens to the agent under the Sawyer proposal if his rate making and filing provisions are accepted and the commissioner's order affects outstanding contracts so that a rate which is found to be too high must be readjusted by a return to the insured of the excess amount charged? Every agent's commission then becomes subject to recasting as far back as may be necessary to cover the date when the excessive rate was filed and charged, and every agent would be exposed to demand for a return of that portion of his commission represented by the excess in the rate. No agent would ever be certain that his commissions were fully earned. The larger the agent's business, the more serious this exposure would be."

It would, he said, expose companies to possible violations of the rating law,

great expense in returning excess rates, and bad public reaction as the result of refunding operations.

"Much of the opposition which seems to exist among agents to the all-industry bills is based upon the theory that under those bills the commission of the agent would be controlled by the commissioner and that the agent would lose his right to contract freely with the company as to his scale of commissions. No one has yet said flatly that such a result would follow and it is extremely doubtful it would follow. Even the Sawyer proposals do not embody anything different from the all-industry bills on this point. Certainly expenses are an important part of the premium dollar, and agents' commissions are an important part of the expense portion of that dollar, but no commissioner is likely to receive the sanction of any court to any rate which does not provide both an adequate loss and expense ratio, and unless the expenditures are wasteful, extravagant or made in bad faith the commissioner must make proper allowance in any rate structure for expenses. It is hardly conceivable that any agent will have any difficulty in showing that his commission is not extravagant. Certainly he is not going to admit that it is, and no proposal that has yet been presented in definite form makes any attempt to deal with the question of agents' commissions."

Stone Nebraska Insurance Director

LINCOLN—Bernard R. Stone, 48, Omaha attorney, will become Nebraska insurance director Jan. 9, Gov.-elect Val Peterson has announced. Mr. Stone has served in the legislature and the Omaha city council. He was Mr. Peterson's campaign adviser.

Dan Hodder, present insurance director, who succeeded Stanley Matzke, resigned last June, has been invited to remain with the department. He has been with the department several years and was assistant director before being named director.

Mr. Stone is a graduate of Creighton University college of law in Omaha. He was a member of the Omaha Electric Committee, which acquired the property of the Nebraska Power Co., recently sold to the Omaha public power district.

Purdue Arson Course Scheduled for April 8-10

Dates for the annual arson investigation and detection training course at Purdue University will be April 8-10, it was decided by a planning committee consisting of 27 police, fire department and insurance representatives meeting in Chicago's Union League Club as guests of Auto Protective & Information Bureau.

The committee decided to put special emphasis in this third year of the course upon educating investigators in the basic insurance coverages and relating these coverages to arson motives for arson. A record enrollment is expected, consisting largely of new arson investigators from police and fire departments all over the U. S. and Canada.

As in the past, Prof. J. L. Lingo, director of Purdue's public safety institute, is acting as course coordinator.

R. I. Has Havana Unit

Rhode Island is opening a branch at Havana. Alberto V. Malaret, veteran fire and marine insurance underwriter at Havana, has been appointed manager.

Directors of Mutual Fire of Montgomery County, Md., have selected A. D. Farquhar as president, succeeding the late F. D. Leizer. Rowan F. Erb, assistant secretary, has been named secretary-treasurer to succeed Mr. Farquhar.

Lloyds Chairman Gives Views

Closer Underwriting in U. S. Field Reflects Merely Less Favorable Experience, Pulbrook Says

By ROBERT B. MITCHELL

NEW YORK—The higher rates and tighter underwriting among London Lloyds underwriters in the field of catastrophe and other excess covers reflects the currently less favorable experience but should not be taken as indicating a feeling that United States has become something to shy away from in favor of more intensive development of other sections of the world market, according to Sir Eustace Pulbrook, chairman of Lloyds, who is in New York following a good-will tour of the Pacific Coast.



Sir Eustace

According to Sir Eustace Pulbrook, chairman of Lloyds, who is in New York following a good-will tour of the Pacific Coast.

Sir Eustace explained that the competition among the 250 or so underwriting syndicates at Lloyds keeps rates closely in line with the underwriters' judgment and that this inter-syndicate competition is much keener than Lloyds' competition with outside insurers in England, the United States, or elsewhere.

Leaders Not Always the Same

It is true that at Lloyds the underwriters usually follow the rate and terms of coverage set by the "leader" or first signer on a contract but the leader is by no means always the same man. A good deal of the competition is in the broker's getting a leader for the risk he is placing. The broker wants a low rate but if he gets a leader whose rate is too low, it may be difficult or impossible to get enough other underwriters to go along to provide the needed capacity.

Asked about reinsurance facilities for the currently highly valued stocks of warehoused whisky, which are straining the American market's capacity, Sir Eustace said he thought Lloyds could provide coverage but that a higher rate might be required to interest those underwriters who are ordinarily not interested in that type of risk. As indicating what can happen with a full market, he recalled a parallel situation with respect to transatlantic gold shipments a dozen years ago. The rate had been a shilling per £100. However, when the sums being transported ran far beyond the usual amounts, the rates ran as high as 20 shillings.

Capacity for Super-Airliners

As to reinsurance for handling the growing hull value and passenger capacity of airliners, Sir Eustace said there was ample capacity, both hull and liability, for any planes now under construction but that Lloyds' capacity was not limitless in this respect and some of the super-airliners that have been conceived could strain and perhaps exceed the available facilities. As with reinsurance for whisky, there are underwriters who would take aviation business, even though they don't ordinarily do so, provided the rate were sufficiently attractive.

Asked about Lloyds' ocean marine hull rates, which American insurers feel are so low as to preclude any possibility of profit, Sir Eustace said that with the almost total removal of war-time hazards to navigation the underwriters had been reducing rates to reflect these improved conditions and that time will show whether they have cut them too much. Here again, he pointed out, it is the competition among Lloyds underwriters rather than Lloyds against the

outside insurers that governs the rates. He dismissed as "rubbish" the rumors that Lloyds underwriters are cutting rates in a concerted effort to monopolize the hull market. He said that Lloyds has a live-and-let-live attitude and is not disposed to be greedy.

FUND WILL STAY

Sir Eustace said that Lloyds plans to maintain its American trust fund permanently. Started with \$40 million shortly before the war broke out between England and Germany, it has grown substantially. He has found that insurance buyers like the idea of having such a fund and that it gives them an added feeling of confidence.

Discussing his visit to the United States, Sir Eustace expressed gratification at the cordial reception he has had. It was the first time that a chairman or committee member of Lloyds had visited the Pacific Coast and he found much interest among Lloyds' insured, whether direct writing companies, industrial corporations, banks, or individuals. He visited Seattle, Portland, San Francisco and Los Angeles.

In U. S. Nearly Two Months

Sir Eustace arrived in this country Oct. 20 on the civilian maiden voyage of the "Queen Elizabeth" and will leave Dec. 14 on the same ship, arriving home in time for Christmas. With him is his secretary, E. George Wickens.

Sir Eustace is serving his seventh consecutive term as chairman of Lloyds, a record never previously approached. He also served as chairman in 1926.

Though he tries to hold the war-time emergency responsible for his successive re-elections as chairman, those who know him well give more weight to his experience, ability, and the high regard he enjoys among the underwriters.

Reason for Success

It is not hard to see why his good-will tour has proved successful. Sir Eustace has an easy, natural friendliness that is as far from any conscious turning on of the charm as it is from the stiff reserve that many Americans associate with Englishmen of distinction. Even an insurance executive who had just lost a risk to Lloyds could hardly fail to be charmed by its head man.

ENTERTAINED AT HARTFORD

HARTFORD—Jesse W. Randall, president of Travelers, gave a small party here this week in honor of Sir Eustace Pulbrook. He was introduced to a group of 25 insurance executives.

Sir Eustace remarked that during the war the business done here by Lloyds has greatly increased.

Insurance sales are now going very well in Britain, he reported. Discussing the rising premium rates caused by the growing loss hazard he observed that "We've been in business for 270 years and we've weathered many a storm."

Waller Retirement Rumored

RICHMOND—Reports are current here that Jesse Waller, vice-president of Aetna Fire, has purchased property in Virginia and is soon preparing to retire and take up residence here.

R. L. Strayer, Warsaw, chairman of the rural agents committee of the Indiana Assn. of Insurance Agents, attended the meeting of the agricultural committee of the National Fire Waste Council in Chicago last week. Mr. Strayer represented the farm and small town agents committee of the National Assn. of Insurance Agents.

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Farm Committee of Fire Waste Council Maps 1947 Schedule

Hear Plan for Fire District of Townships Near Muscatine, Iowa

During the discussion on a program for the agricultural committee of the National Fire Waste Council meeting in Chicago last week it was brought out that the farmer's viewpoint concerning reduction of fire hazards on the farm should be considered. Joseph Cryan, assistant secretary America Fore group, presided.

The committee was informed that the farmer has a realistic approach and, in general, has four questions in mind concerning such a program. One is: What will it save on insurance? The others are: Will the program to organize fire districts result in promptly putting out fires on the farm? What would such a program cost? What types of fire apparatus would be used?

Use Farmer's Language

In addition the farmer wants unbiased information on equipment and if a rural fire prevention manual is prepared, the farmer prefers it to be written in a language he would understand.

The meeting was attended by 60 including representatives of insurance companies, fire marshals and officers from Chambers of Commerce throughout the country and Canada. Speakers included H. E. Hilton, secretary of the group and assistant manager of the insurance department of the U. S. Chamber of Commerce. He outlined the work program for the coming year. Prof. Henry Giese, Iowa State College, a member of the farm fire prevention committee of the National Fire Protection Assn., reported on activities of agricultural engineers and R. E. Vernor, Chicago, manager fire prevention department Western Actuarial Bureau, reviewed the activities of special agents in the field of rural fire prevention. A. T. Holman, Washington, D. C., extension agricultural engineer of Department of Agriculture, discussed the activities of the department in the work of rural fire prevention. J. H. Craig, Illinois fire marshal, gave his views on farm fire protection.

Other speakers included H. P. Cooper, Indianapolis, secretary of the National Assn. of Mutual Insurance Companies; B. R. Walinder, secretary, America Fore group and chairman of the stock insurance companies committee; Maynard Coes of the farm safety and fire division of the National Safety Council. Their speeches were reported in the Dec. 5 edition of THE NATIONAL UNDERWRITER.

Muscatine Report

The group was keenly interested in an outline of a fire protection plan presented by E. A. Palmer, secretary of the Muscatine (Ia.) Chamber of Commerce. Mr. Palmer's report showed, in detail, how a fire district was organized and gave a progress report up to the present time.

He said that in January, 1946, at a meeting of the Muscatine county agricultural and commerce committee it was disclosed there were four townships surrounding Muscatine that did not have fire protection. There were two reasons for this, he said, first that the townships were too far from a small town that had a volunteer fire department and second that the Muscatine fire department is

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Ark. Agents Ratify Qualification Bill at Mid-Year Meet

LITTLE ROCK — The Arkansas Assn. of Insurance Agents in its annual midyear meeting approved the proposed qualification bill submitted by the legislative committee headed by C. S. McNew, Jr., Pine Bluff, and laid plans for introducing it in the 1947 legislature in January. This action followed a talk by Herman C. Wolff, Indianapolis, chairman of the N.A.I.A. committee on agency qualification, on "Qualification Standards for Agents."

An agents licensing law is in the public interest, he said. People cannot be legislated in or out of the insurance business, and no such attempt is contemplated in a licensing law. "Certain standards of competency must be set in a complicated business that has kept pace and place in an expanding and exacting economy."

No law is better than its administration, Mr. Wolff said. He felt it was heartening that even with political appointment of commissioners, they are now and have been in years past men of outstanding ability in charge of state insurance departments. Any licensing law is better than none, he commented.

Speaks on Controlled Business

He commented on controlled business, saying it is one of the agents' major headaches. Mortgagees and vendors have a right to require insurance coverage to protect unpaid balances, but not to sell the coverage and receive the commission. The Massachusetts 10% control law, he said, has weeded out many undesirable and illegitimate agents and brokers and benefited the insurance buying public by raising the standards of agents' and brokers' qualifications since its enactment in 1941.

President S. W. Creekmore, Fort Smith, reviewed association activities and spoke of the fire forms committee's work on changes in the Arkansas dwelling and cotton products forms as an excellent job and the foremost type of all-industry cooperation in the state. He also noted the resolution passed at the state convention in Hot Springs last May suggesting to the Arkansas Fieldmen's Club that a joint all-industry public relations committee be formed in Arkansas. The field club, he said, did not act on the proposal until November, and then appointed William Smith, Loyalty group; Walter Plangman, American, and L. V. Martin, general agent, as its fire representatives.

Mr. Creekmore announced appointment of these agents to the joint public relations committee: Sterling Frank, vice-president, Dumas; Robert Maxwell, Texarkana; John Means, Pine Bluff; C. C. Mitchener, Marianna; and Grainier Williams, Little Rock.

He said the proposed qualification bill is reasonable and fair and in the public interest.

Approve Fire Forms Work

There was a discussion of Arkansas fire forms, and procedures led by F. I. Beyer, chairman fire forms committee. He reviewed work of his committee and negotiations with bureau and company officials over the safe flue warranty and 1/12 rental value limitation in the August edition of the Arkansas dwelling form. An open discussion was held on the existing cotton products form with its \$200 deductible.

A resolution introduced by L. R. Martin, Pocahtontas, complimenting the committee on this work, was adopted. It reaffirmed the association's unqualified support of the joint fire forms committee.

Walter Plangman, special agent, American, and chairman Arkansas hotel inspection committee, reported over 250 hotels had been inspected by the Arkansas Field Club, which has undertaken this program in cooperation with the

Brevity Record Set at N.A.I.C. Opening Session

NEW YORK—Lasting only a little more than half an hour, the opening session of the midyear convention of the National Assn. of Insurance Commissioners undoubtedly set a record for brevity. Dineen of New York, N.A.I.C. president, ran the meeting with brisk dispatch, substituted a moment of silent prayer for the invocation that would have been given had the clergyman showed up, and skipped the presidential address he was scheduled to deliver.

Explaining the omission of his speech, Mr. Dineen said that committee on rates and rating organizations and federal legislation, of which he is a member, didn't finish its deliberations until Saturday night and that consequently at a time when he thought he would be polishing off his speech he hadn't even begun working on it.

Recalls Bertie Wooster

In this connection Mr. Dineen said that his favorite author, P. G. Wodehouse, often said of his hero, Bertie Wooster, "Bertie tottered from the room a broken man." Mr. Dineen expressed the hope that when the audience tottered from the room, broken by the absence of a presidential address, they would be able to bear up.

In his opening remarks, Mr. Dineen welcomed the assemblage on behalf of the state of New York. He said that no entertainment had been planned for the visitors, for if there were any who didn't know what they wanted to do in New York City they had better give themselves up.

Larson of Florida, executive committee chairman, responded to the remarks of welcome, substituting for Thompson of Oregon, who was absent because of illness. Mr. Thompson is the N.A.I.C. vice-president.

Introducing Parkinson of Illinois, N.A.I.C. secretary, for the roll-call, Mr. Dineen recalled how the late Jess Read, Oklahoma commissioner and long-time secretary of the association, used to enliven the roll-call with his special pronouncements of the names of some of the states, including "Alabam," and "Idyho" to give a humorous twist to the proceedings. He indicated, however, that Mr. Parkinson would stick to the orthodox versions. Forty-four states and three Canadian provinces were represented.

During the roll-call Hobbs of Kansas introduced his successor, Frank Sullivan, who takes office Jan. 1.

Read Memorial Committee Named

To draw up a memorial resolution on the late Commissioner Read Mr. Dineen appointed Bowles of Virginia as chairman, and White of Mississippi and Knowlton of New Hampshire.

Asking the new commissioners to stand and take a bow, Mr. Dineen told them they needn't feel abashed at their newness, as the average expectancy of commissioner is about 2½ years, the turnover being the highest of any institution except Macy's and Gimbel's department stores. He said that in six months they would be old timers.

Secretary Parkinson's financial report was received and Mr. Dineen appointed as an auditing committee, Garrison of California, Deputy Shelby Davis of New York and Kavanaugh of Colorado.

Arkansas association, Arkansas Hotel Assn., and state fire marshal.

State National Director Van Howell made a short report on the 1946 convention of N.A.I.A. in Denver. He warned the membership to beware of "flying squadrons" consisting mainly of mutual and reciprocal leadership representing themselves as authoritative spokesmen for the all-industry committee who

(CONTINUED ON PAGE 15)

Commissioners Envision Modest Central Office

Favor Full-Time Assistant, \$20,000 Budget, Central Location

By KENNETH O. FORCE

Report of the subcommittee, headed by Commissioner Forbes of Michigan, urged creation of a central office for the commissioners, but outlined the scope of its authority and activities in what the committee described as a modest way at the inception.



David A. Forbes

The office would be domiciled in a centrally located city to be decided upon by a vote of the association. All records of the association would be permanently filed there to avoid the necessity of moving records on the death of association secretaries, as in the past.

Control of the central office, its establishment, and changes in its purpose from time to time would be left to the convention and not to the executive committee. This was strongly urged by Gibbs of Texas.

The office would consist of an assistant secretary and one stenographer to be employed at the outset to carry on the work. The work would be done under the supervision of the elected secretary of the association, with the advice and consent of the executive committee. Work of the office would be expanded as needed and as guided by the executive committee.

Association Controls Office

Garrison of California asked whether the association or the executive should control the office's duties and define them. Gibbs of Texas said the scope is a subject for the association to define, but the details could be handled by the executive committee. This was put in the form of a motion and passed.

The Forbes committee report did not recommend, for the present at least, that work of the committee on valuation of securities be cleared through the proposed central office.

In defining the functions of the office, the committee said it would act as a clearing house for rulings of the various insurance departments; it would be a contact office in the commissioners' relations with the Interstate Underwriters Board, the National Council on Compensation Insurance, and similar organizations; it would assist committees of the association in getting their work done effectively, would help with the agenda of the commissioners' meetings; it would clear details of the examinations committee. In this respect the association's constitution and by-laws would need amendment so as to make the secretary-treasurer ex officio head of the examinations committee instead of appointive by the president. As time goes on, the office would undertake other duties such as maintaining liaison with the interstate rating organizations, do or clear actuarial work, etc.

Activities such as those in connection with interpretation and complaint ought all to be reexamined and made functions of this, Harrington of Massachusetts said. Forbes pointed out that this suggestion went beyond the function of his committee which was to report to the

(CONTINUED ON PAGE 13)

BUYERS GROUP HEARS R. B. GALLAGHER

Judgment, in Big Measure, Must Be Given Recognition to Accommodate Large Risks

Russell B. Gallagher, insurance manager of Philco Corp., Philadelphia, was the public law 15 speaker at the Chicago meeting of the insurance section of the American Management Assn. Predictably, he expressed much misgiving about the model bills on the score that they require so much in the way of statistical proof that the individualistic needs of the large assured would not be served.

He closed with the warning that if laws are enacted that produce inflexibility, the large buyers will pay more for their insurance and take such coverage as is offered to them. "Or we must self insure, form cooperatives or buy non-admitted insurance."

E. W. Sawyer, who was in the room, was called upon. He expressed admiration for Mr. Gallagher's paper. He said it appeared that the so-called Moser amendment would be adopted by the all-industry committee. This he character-

ized as a step in the right direction but said it does not go far enough. This amendment would modify greatly the requirement as to the submission of data in support of rate filings.

Mr. Gallagher reported that he had been apprised that the Pennsylvania conference on PL 15 legislation is about to recommend changes that he said would remedy all of his complaints regarding the model bills. The changes would consist of emphasizing the importance of judgment in rate making, putting it above actuarial data. Such a provision, he asserted, would take care of the situation of the large risk that can't properly be compared with any other risk.

For a risk that is "irregular," Mr. Gallagher expressed doubt that an established rating plan which excludes judgment rating can measure the risk. Especially since any modification must be subjected to the personal opinion and

approval of the commissioner. Judgment rating, he declared, is the very essence of large risk treatment.

What statistics there are on large and interstate risks cannot be recognized, scientifically, on a prospective basis, he argued. They are no more significant, he said, than stock market closing prices.

Every insurer, he contended, should be permitted to file tailor made policies.

Mr. Gallagher expressed the belief that under the model bills filings that are non-standard "on first reading" will usually be disapproved. "The bills," he said, "provide for hearings, stays and reviews by courts but these are sorry remedies. The result will be avoidance, continuing binders, special letters of intent and other sordid devices."

Personal Opinion Factor

"There is a competitive choice between prior approval and subsequent disapproval but a cease and desist order still depends upon the personal philosophy of each commissioner," he asserted. Will the philosophy of a thoroughly competent commissioner possibly coincide with that of the commissioner whose only qualification is that he has been a party wheelhorse for thirty years? Will the tendency to play politics or to give favors in exchange for a job at the end of his term, become a thing of the past? Should the power of disapproval lie in the sole hands of a single individual who is complainant, prosecutor, judge, jury and high executioner. Or should it be in the control of an impartial tribunal to which all cited cases might be taken; the rate or form being in effect even when judgment has been rendered, until expiration but not thereafter?

"Very few of the proponents of these bills consider them perfect," he said at another point. "Most will admit, privately, that they had hoped for better bills. I believe the men who have worked on these bills are honest and earnest. Some fear they may be unfairly restricted. Others prefer stangulation to federal regulation. The fact remains that Congress says regulation of the insurance business by the several states is in the public interest. If the first effort toward sincere, fair, flexible state regulation is not as successful as we would expect, we will have a more concrete construction plan and better specifications to look to in our combined experience. If the administration of these bills by state insurance commissioners is not sincere, fair and flexible, we must go to the people of our states to force such frauds or incompetents from their positions of power. If the insurance companies attempt to trespass upon the rights of insuring public, you will find the threat of federal intervention an effective restraint."

Bank Insurer Promoters Quit Ind.: Another State Has Better Proposition

INDIANAPOLIS—The Indiana department has received notice from the promoters of American Bankers and American Bankers Life that they have received an "attractive inducement" from a bankers group in another state and so notified the Indiana department that they have concluded to withdraw their proposals in Indiana. John D. Cramer, deputy commissioner, says they had not filed completed articles of incorporation but only a preliminary statement of their intent.

As stated in THE NATIONAL UNDERWRITER, the proposal was under investigation, as protests had been received from a number of banks disavowing any connection with the proposed companies. Some 79 bankers throughout the country had been listed as members of an "advisory committee." The insurance department had received several complaints because their names were used.

No announcement has been made of the state from which "too attractive" inducements have been received from banking interests.

N. Y. Insurance Society Out to Get 500 New Members

NEW YORK—The Insurance Society of New York has embarked on a campaign to add 500 new members by Jan. 15.



H. P. Dunham

It opened last week with a luncheon attended by those who will work in the drive. Col. Howard P. Dunham, vice-president of American Surety and chairman of the committee, introduced several speakers who stressed the value of the society's work and of educational work in the insurance business. The society has 1,608 students this year.

A. F. Lafrentz, president of American Surety and of the Insurance Society, said the latter should have more than 1,700 members. For prospective members who want to know, when approached to join, "What do we get out of it," he cited the saying once quoted by Lord Halifax: "Service is the rent we pay for our room on this earth." Mr. Lafrentz said that not all who contribute will get much but they will be giving service to those that want education and will be helping support the organization that must exist to provide these facilities. There are 70 classes going each week and money is needed to provide additional staff, including an assistant to A. C. Goerlich, educational director. He spoke hopefully of the time when the society would have its own building.

Kenneth C. Bell, vice-president of Chase National Bank of New York City and in charge of its insurance operations, emphasized the value of the society's library and the use which the bank's insurance department is able to make of it. He said it would be well worth the money for all the rest of New York City's banks to belong just for the library facilities. He offered himself as a reference to any who wanted to solicit other banks for memberships. Mr. Bell mentioned the educational work of the American Institute of Banking and said that the society can undertake graduate work for executives just as successfully as the A.I.B.

Other speakers were Albert G. Borden, retired vice-president of Equitable Society and executive vice-president of the Insurance Society, and Mrs. Marion Eberly, director of the women's division of the Institute of Life Insurance.

Besides Col. Dunham the committee includes Vice-president Walter Beyer of the Home group; M. L. Whitson of Toplis & Harding, adjusters; J. J. Graf of the Marine Office of America; W. L. Flynn of National Surety; F. J. Jackson of G. H. Jackson & Co., and Feyton J. Brown, Northwestern Mutual Fire.

Million Dollar Loss

MORRISTOWN, TENN.—One of the heaviest fire losses in the state's history and one of the heaviest insured losses ever to occur in the south occurred here when a warehouse belonging to Frank W. Taylor estimated at \$100,000, and tobacco valued at \$1 million were destroyed in a blaze started by a torch being used by a welder in repairing a hydraulic press. Explosion of fluid used in the hydraulic process accelerated the flames. A Southern Railway train on a nearby track is said to have delayed fire equipment until the fire was beyond control. The tobacco belonged to Reynolds Tobacco Co., Liggett & Myers, American Tobacco Co. and China-American Tobacco Co. and was fully insured, as was the building.

Remind YOUR assureds that their Jewelry may be worn with pleasure and PEACE OF MIND!



A safe deposit box may protect, to some extent, the financial investment value of jewelry—but it doesn't assure the peace of mind of the lady who wishes to wear her precious jewels. Remind your assureds that the Kansas City's all risk jewelry policy will assure that peace of mind. Adequate jewelry insurance is more important than ever, since jewelry values have increased more than 200 per cent in the past five years. We suggest that you offer your insureds this protection now, when many people will give or receive valuable jewelry for Christmas.

Do not hesitate to call upon your "Kansas City" field man whenever he can assist you.



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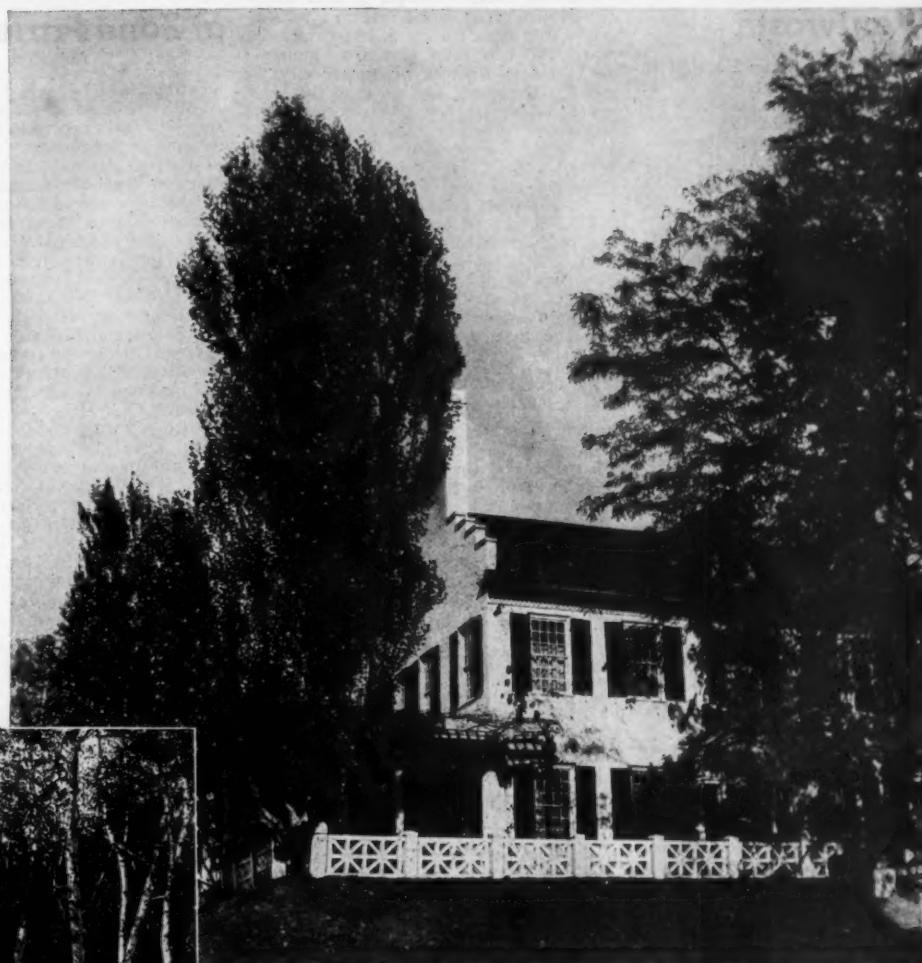
INSURANCE COMPANY

KANSAS CITY, MISSOURI

Famous American Homes

Huggin's Folly

WHEN Augustus Saint-Gaudens, America's outstanding sculptor, bought and remodelled the old tavern known as "Huggin's Folly" at Cornish, New Hampshire, he changed the name of his newly-acquired home to "Aspet" in remembrance of his ancestors who came from the village of that name in France. On the grounds of this estate, which was later to become a sanctuary for struggling artists, was an old barn which the sculptor used as



Saint-Gaudens' home overlooking the beautiful New Hampshire hills.



One of the sculptor's two studios on the grounds of "Aspet."

his studio and where his famous statue of General Sherman, which is considered one of the few great modern equestrian monuments, was completed. Now occupying a prominent place in New York's Central Park, this masterpiece won the sculptor the highest honors at the Paris exposition in 1900 and established him as the leader in his field.

Saint-Gaudens' extraordinary but all too brief career is a perfect example of the application of ambition and industry coupled with the opportunities that abound in this great nation. Born in Dublin of an Irish mother and a French father, who practiced the trade of a shoemaker, Augustus and his family sailed for Boston when the boy was only six months old. Soon after the family reached these shores, they were settled in New York and the

workroom was withdrawn from school and apprenticed to Avet, a stone-cameo cutter. Later, he worked with Jules Le Brethou, a distinguished shell-cameo cutter. While he

was thus learning the fundamental steps of his future work as a sculptor, he attended night school at Cooper Union and was an art student at the National Academy of Design where he specialized in portraiture. He progressed so rapidly in

his work that at the age of nineteen he went to Paris to study under the masters and to attend the Ecole des Beaux-Arts while supporting himself as a cameo-cutter.

At the outbreak of the Franco-Prussian War, Saint-Gaudens went to Rome where he began the model of his marble statue of Hiawatha. This seems to have been the turning point of his career for he was thrown into contact with several influential people who were instrumental in securing contracts for him. In spite of these alliances, the pinnacle to which the sculptor aspired and eventually achieved, was beset with many disappointments and hardships. It has been written of him that there was never a more industrious artist, and certainly the list of his works would substantiate that remark.

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Model for the "Standing Lincoln" statue in Lincoln Park, Chicago.

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FIRE • AUTOMOBILE • MARINE INSURANCE

A.F.I.A. Advances Irvine, Cushman, and Wentworth

NEW YORK—American Foreign Insurance Assn. has appointed L. C. Irvine as assistant general manager, W. F. Cushman as fire manager and N. H. Wentworth as field superintendent.

Mr. Irvine joined A.F.I.A. in 1926 and in the same year was assigned to Rio de Janeiro. After serving in South America for nine years, he was transferred to the head office marine department. In 1936 he went to the Far East and since then has resided and traveled extensively in the Far East and in South America. He was appointed assistant manager in 1938 and fire manager in 1942. Since making his headquarters here, he has been directly in charge of the brokerage department. He spent last year in the Far East and recently returned from an inspection trip to South America.

Cushman's Background

Mr. Cushman entered the employ of A.F.I.A. 24 years ago after completing his studies at Colby College. For many years he has been in charge of foreign fire underwriting at head office. He has recently returned to head office after spending nearly a year traveling in Australasia where the association has

been operating for 28 years and maintains several large branch offices.

Mr. Wentworth joined A.F.I.A. in 1933, becoming manager at Paris in 1939. In 1941, following a year under German occupation he returned to New York just prior to U. S. entry into the war. After a brief period as manager of Home in Boston, his native city, he entered the army, serving with the U. S. seventh army in the Mediterranean and European theaters where he attained the rank of lieutenant-colonel. He returned to the New York office of the association and has been supervising the reestablishment and expansion of the A.F.I.A. organization in western Europe and Mediterranean area. In his new post, Mr. Wentworth will coordinate the activities of the various branches and agencies of A.F.I.A. overseas and will maintain liaison between the home office and the organization in the field.

PPF Advisory Ruling

The I.M.U.A. has sent out an advisory bulletin citing the opinion of attorneys that under the \$250 blanket coverage of the personal property floater on jewelry, watches and furs there is no liability whatsoever for such property as is scheduled under any form of insurance contract.

Gordon E. Williams, claims attorney, addressed the Mutual Insurance Club of Columbus on "The Claim Situation as I See It."

Mich. Agents to Ponder Rate Bills at Zone Parleys

LANSING, MICH.—A series of zone meetings will be held by the Michigan Assn. of Insurance Agents, it was decided by the executive committee at a session at headquarters here. The purpose is to discuss thoroughly the "all-industry" rate regulation bills which are to be introduced, with departmental sponsorship, at the 1947 legislative session. The executive committee, with President Walter B. Cary, Detroit, presiding, did not commit itself on the bills although Commissioner Forbes was questioned at length regarding their provisions and probable effect.

It was decided that the Michigan association will be represented at a state "all-industry" session called by the commissioner for Dec. 17.

Sitting in on the preliminary discussions with the commissioner, in addition to the executive committee members, were Sen. R. J. Hamilton, Battle Creek, who is to be the new insurance committee chairman of Michigan's upper chamber and Rep. Thomas C. Morgan, also of Battle Creek, a member of the house insurance committee in the 1945 legislature and a probable member during the coming session.

Other Matters Discussed

Other legislative matters touched upon included Senator Hamilton's suggestion that Michigan's financial responsibility law should be amended to eliminate the present provision making its penalty of license revocation apply only to unpaid judgments of \$50 or more.

Governor-elect Sigler was a guest of the committee at luncheon. He praised the association for its achievements in elevating standards of the business, particularly through its extensive educational activities.

The traffic safety situation is to be made a special subject of study, it was indicated, at the mid-year meeting in Detroit Feb. 26-27. It is considered likely that the association will back a measure to increase the age limit for automobile drivers from 14 to 17 years.

Archie B. Millard, former Grand Rapids association president and head of the Michigan Tax Equality League, led a discussion by the committee of tax inequalities, citing the discriminatory laws which now assist mutual insurance and cooperative enterprises generally as compared with capital stock organizations.

J. W. Frazier Returns to Important Cleveland Agency

CLEVELAND—John W. Frazier has resigned as Cuyahoga county special agent for Home to become vice-president of the James & Manchester Co. here. He was previously associated with the agency as manager of its fire department from 1921 to 1934, during which latter year he joined Loyalty group in Ohio.

During the war he served as a civilian inspector in the plant protection department of the division of internal security.

Lawrence James also has been named vice-president of the agency.

Dallas Mayor Prepares to Eat Crow After Big Fires

DALLAS—Mayor Rodges of Dallas feels that he should start cultivating a taste for crow as the recent heavy fire losses give Houston a big opportunity to win the 1946 contest; the city officials of the losing city must eat crow while the officials of the winning city eat steak. Houston officials came to Dallas early this year and ate crow.

The estimate of the Neiman-Marcus department store basement fire loss is now \$500,000. The store was closed four days, and these days are normally

four of the biggest days of the year in volume of business. U. & O. is carried.

On the same day there was a serious fire in the Burrus Feed Mill. Just a few days earlier Fire Chief Penn of Dallas had expressed the hope that the present 5% penalty on Dallas fire insurance would be removed March 1, because of the good record up to that time and because of the more than \$3 million premium income on fire insurance in Dallas in 1946. The heavy losses of Nov. 30 will hurt Dallas for five years, as the losses and premiums of the previous five years are used annually, in determining credits and penalties.

The fact that Neiman-Marcus was able to reopen in four days was regarded as miraculous. When it reopened not a trace of the fire could be found. The blaze was confined to the Christmas merchandise stored in the basement and to considerable smoke damage on the upper floors.

Beginning Nov. 30 and working continuously, and by means of merchandise of comparable quality loaned by merchants throughout the country and by means of special emergency deliveries made by the manufacturers the recovery was effected. Perfume at \$60 an ounce, mink coats of fabulous price, jewelry at several thousands per glimpse and hankies at \$20 per each were included in the loss.

Cullison Has Long Record with Western Hail Group

James B. Cullison, Jr., the new president of the Western Hail & Adjustment Assn., is the first man to hold that position who is not a company officer. He has attended every meeting since 1916 and has been chairman of the advisory committee for 21 years.

Other officers elected are B. R. Walinder, America Fore, vice-president; E. G. Frazier, Springfield F. & M., secretary-treasurer; and K. S. Ogilvie, Western Underwriters Assn., assistant secretary-treasurer.

Named to the executive committee were E. A. Henne, America Fore; W. A. Seely, Crum & Forster; C. H. Smith, Hartford; E. R. Smith, Home; C. L. Allen, Aetna; S. M. Buck, Great American; and C. A. Dosdall, St. Paul F. & M.



J. B. Cullison

Broker Ordered to Strike Malice Count from Suit

Municipal Judge Holland of Chicago has ordered Clarence T. Bouterse, Chicago broker, to strike the malice count from his suit for commissions against Lead-Way Motor Service. The broker was also ordered to file in a bill of particulars specific evidence of the authority to procure insurance, including a broker of record letter, which he alleges he was given before the truckers declined to accept his contracts. The malice count meant that the defendants could be jailed.

Mr. Bouterse has until Dec. 13 to file particulars and counsel for the trucking concern, S. Charles Bubacz, himself a licensed insurance broker, has until Dec. 23 to answer.

Mr. Bouterse had handled the Lead-Way insurance during 1944 and 1945 and alleges that last February he received a broker of record letter from the truckers authorizing him to get certain policies for them. After he arranged the insurance he says they "wilfully and capriciously" refused to take it. He demands \$269 in commissions.

Douglas Dick, son of Gamble C. Dick, Kentucky state agent of National Union Fire, is currently appearing in a supporting role in his first moving picture, "The Searching Wind," recently released.

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\$400 immediate cash plus \$75.00 per month income and a \$100 Christmas check for 2 years.

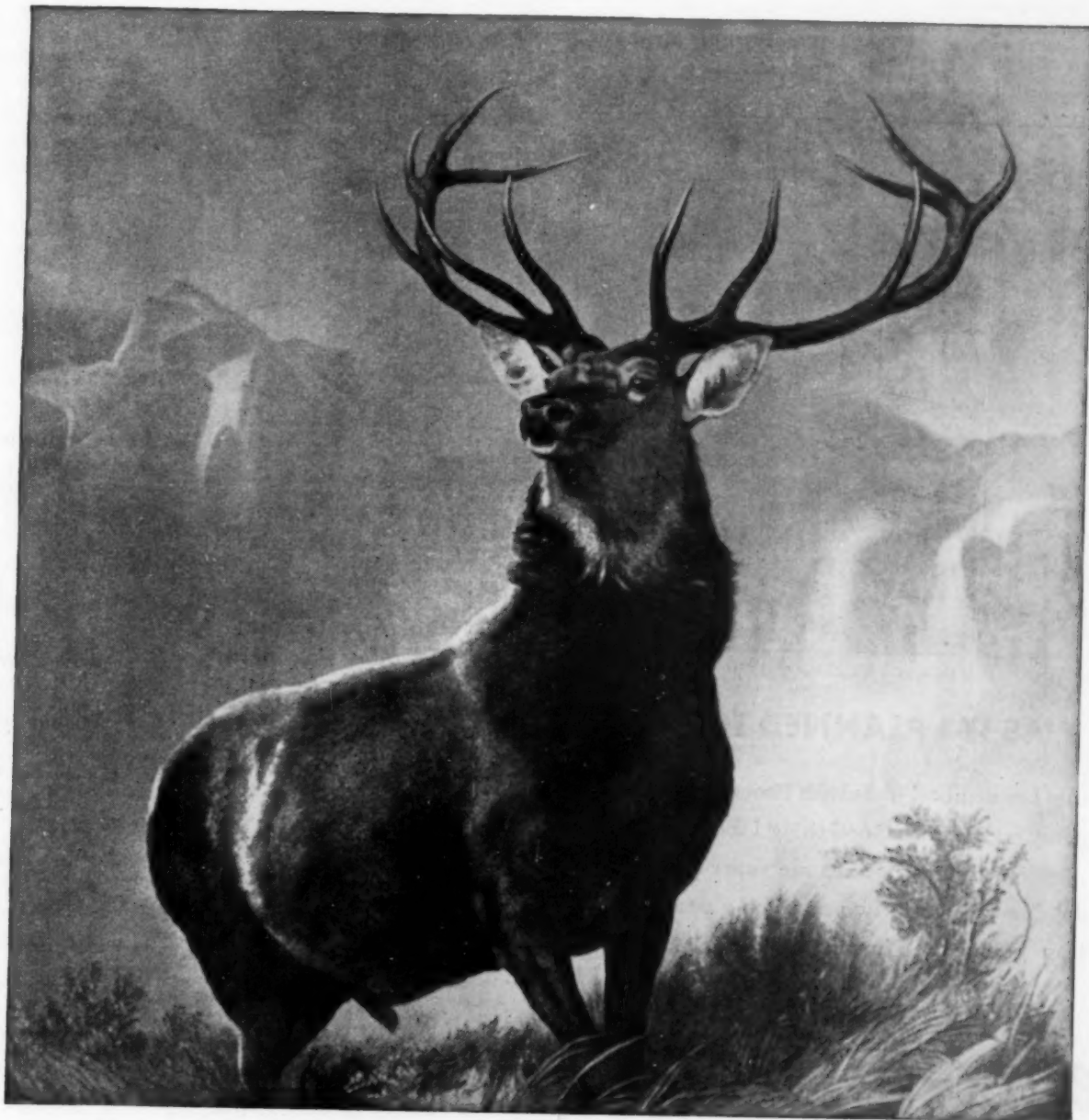
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Chicago Broker Among First to Use Auto Phone

J. M. Spalter, insurance broker with R. A. Napier & Co., Chicago, is believed to be the first insurance man in the city to install a telephone in his automobile.

The telephone works from any part of the country for long distance calls and local calls are within a 25 mile radius of the "loop." Mr. Spalter has tested the apparatus underneath the elevated

and says it works very well. Among its advantages, Mr. Spalter mentioned that he can discontinue receiving calls at any time merely by pushing a button and the phone will not ring. If, on the other hand, he wants to know who called when he was out, the phone will light up during a call and he merely dials the operator when he gets back.

One of the disadvantages is that the telephone falls under the supervision of the Federal Communications Commission and no profanity is allowed during calls.



WHAT WAS IT I PLANNED TO DO?

"Oh, yes, now I remember! Talk with Phoenix-London about an agency connection. Good thing I didn't forget that one... their accident policies are super-plus! A string on the finger is worth two notes on a pad, Miss Brown. Please get me the Phoenix number."

Phoenix-London

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Substitute Regionals for Iowa Mid-Year Meeting

CEDAR RAPIDS, IA.—The executive committee of the Iowa Assn. of Insurance Agents voted in favor of holding regional meetings instead of a mid-year meeting next spring. Philip Jester of Des Moines, president, said the executive committee agreed that regional meetings in the various sections of the state would be more beneficial than one large mid-year gathering. The regional meetings will be in the nature of educational forums and in districts where the membership is small the districts will be combined.

Secretary John Cutter announced that the total membership of the association stood at 385.

A definite step toward obtaining a full-time secretary-manager was taken by the committee. A poll of the members will be conducted by mail. The many advantages of having a full-time secretary will be explained, the estimated cost of the project outlined and suggestions given as to how it can be financed. Members will be asked to vote on the matter and if the replies are favorable a special meeting of the association will be called to vote on the matter.

There was some discussion on the date and place of the 1947 annual meeting, but no formal action was taken.

Maurice Pew, former Iowa commissioner and now counsel for the Farmers Auto group of Los Angeles, attended the meeting, en route to the commissioners' convention, and explained the rating bill which has been endorsed by both stock and mutual interests in California.

Cal. Mutual Agents Form Unit; T. F. Bailey President

LOS ANGELES — The California Assn. of Independent Mutual Insurance Agents was organized at a meeting here and the following officers chosen: President, Thomas F. Bailey, Los Angeles; vice-president, Val R. Moore, Long Beach; secretary, Theodore L. Nupen, North Hollywood. Directors are A. H. Klopstein, Pomona; Lyle D. Inman, Redlands; H. M. Bailey, Ventura, and L. W. Scellars, Los Angeles.

Executive Secretary Philip L. Baldwin of the National association addressed the agents on the all-industry bill.

Donald P. Luckham, assistant to the chief of the legal and compliance division of the California department, spoke on "Pressure Cancellations During Changes of Ownership."

E. J. Anderson of the Kemper group spoke on the new California unemployment disability law, pointing out the sales opportunities it offers agents and giving ideas on how to handle the business. Ward Webb of Michigan Millers discussed the all-industry bill, and Mr. Baldwin also spoke. Members of the California 1752 Club participated.

N. B. & M. Veterans Gather

NEW YORK—The "Norbit Guards," 25 years service association of the North British group, held their second annual dinner at the Hotel Pierre here with 86 in attendance, including George H. Duxbury, manager, Cecil F. Shallcross, chairman of the board, and Reginald P. Stockham, assistant U. S. manager.

President of the "Guards," Ernest A. Merkl, presided. Membership is now 153.

Dinners also were held at Boston, Chicago and San Francisco.

Mo. Lawyers Lose Plea

JEFFERSON CITY—The Missouri supreme court en banc Monday denied four applications for writs to compel re-opening of the old 10% fire insurance excess premium restitution case and payment of \$412,586 in fees allowed by the Cole county circuit court in 1936 to attorneys who acted as special counsel for the Missouri department in that litigation. The writs had been sought by

Glen C. Weatherby of Parkville; John T. Barker of Kansas City; Floyd E. Jacobs and the estate of Mitchell J. Henderson of Kansas City.

The court noted rejection was based on its ruling several years ago setting aside the fees allowed by the late Circuit Judge Sevier and directing all of \$2,750,000 in impounded premiums paid to the policyholders. The mandamus suits had sought orders to compel Superintendent Jackson to assess the insurance companies involved in the litigation for the fee.

Reports on N.F.P.A. Meeting

DES MOINES—State Fire Marshal Strohm reported to the Iowa Blue Goose on the N.F.P.A. and Fire Waste Council meetings at Chicago. Mr. Strohm was reelected chairman of the arson committee and also named chairman of a special committee instructed to draft a model fire prevention bill for hotels at the convention.

The Iowa pond will hold its final meeting of the year Dec. 16, with Father Luguitti of Granger, noted Catholic priest, as speaker. The first meeting in 1947 will be held Jan. 6.

The annual Christmas party is being held Dec. 13 in Des Moines.

Heavy Covington Loss

CINCINNATI—A severe fire fought by all seven fire companies in Covington, Ky., across the Ohio river from Cincinnati, destroyed the F. A. Klaene Foundry Co. and several residences with a loss estimated at more than \$150,000. Two adjoining brick and concrete buildings, one 90 by 103 feet and the other 90 by 50 feet, housing the foundry, are in ruins.

OK Detroit Changes

DETROIT—Members of the Detroit Assn. of Insurance Agents have approved changes in the constitution which fix the date of the election in December instead of January, permit balloting by mail and raise the dues in the lowest bracket from \$15 to \$20.

Robert Biddeson, formerly with the marine department of Home at San Francisco, has joined the marine department of Swett & Crawford at Seattle. Bruno Herman is marine manager there.

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CHICAGO 40

N.A.I.A. Exchange Laws: F

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N.A.I.A. Plans Information Exchange on Qualification Laws; Fairleigh in Charge

A clearing house for information on agents licensing laws to be introduced

or supported by state associations in the coming state legislative sessions will be established by the National Assn. of Insurance Agents, it was announced by Herman C. Wolff, Indianapolis, chairman of the agents qualification committee.

The service will include an exchange of drafts and amendments among states desiring such information, and review of proposed legislation by the legal department of the National association.

The exchange will be under direction of George DuR. Fairleigh, secretary to the committee, at N.A.I.A. headquarters.



G. DuR. Fairleigh

Milton Johnson Heads New Agency at Columbus, Ohio

The Fulton, McAllister & Johnson agency has been incorporated at Columbus, O. The agency has operated for 15 years as a department of Fulton & McAllister, realtors, and is located at 5 West Broad street.

President of the firm is Milton F. Johnson, with W. Hamilton McAllister as vice-president and W. Duane Fulton, Jr., secretary-treasurer.

For the past four years Mr. Johnson has managed the fire and marine departments of the Atkinson-Dauksch agency in Columbus. Prior to that he was in the field for Crum & Forster for 20 years.

Elect at Youngstown

The Youngstown Assn. of Insurance Agents will hold its annual meeting Thursday. William Kurzenberger is retiring president. Theodore M. Gray, secretary of the Ohio Assn. of Insurance Agents, will speak on "Education for Service."

Reelect Library Officers

Percy Plant, president, and all other officers were reelected at the 25th anniversary meeting of the Insurance Library Assn. of Atlanta. Vice-presidents are John H. Dillard and E. M. Seabrook and secretary is George B. Raine.

L. Y. Shaw to Reading

American Aviation & General has appointed Lyndon Y. Shaw fire underwriter at the home office.

Mr. Shaw is a graduate of Insurance Institute of America and has had 18 years of experience in fire underwriting. He has been an underwriter for Potomac.

Becker Named Pa. Manager

Harvey Becker has been appointed by Town & Village Insurance Service, Columbus, as Pennsylvania manager, with office at York. He has been with the organization for 16 years in life insurance production. The Columbus organization is a general insurance agency, and also represents Girard Life. Ezra C. Anstaett is president.

Stafford, Luce on Hand

Two former western department fire managers now retired, will be at Chicago to attend the annual meeting and joust of the Knights of the Round Table of the Union League Club Saturday afternoon. They are John F. Stafford of Lake Wales, Fla., former western manager of Sun, and Fred B. Luce, former president of Providence Washington.

They will remain in the city for some days and will be special guests next Monday at the annual Christmas good fellowship luncheon of the insurance membership group of the Union League Club.

Mr. Luce will be the guest of his daughter, Mrs. Chauncey Hobart of Evanston, Ill. Before her marriage as Jane Luce, she was the librarian of the insurance library in the Insurance Exchange.

New Zealand Agency Supt.

New Zealand and South British have appointed S. E. McPherson, superintendent of agencies in the U. S. head office

in San Francisco. Mr. McPherson has been with the company since 1939.

Sloan San Antonio Manager

B. L. Sloan, who served in the U. S. navy during the war, has been appointed San Antonio manager of Continental Fire & Casualty of Dallas.

About 150 members and guests attended the Christmas dinner of Heart of America Blue Goose at Kansas City Saturday evening.

David M. Martin, Flint, Mich., local agent, has announced he will not seek reelection in the spring as chairman of

the Democratic state central committee, a post he has held since Dec. 15. He declared, however, that he had no intention of resigning before expiration of his term.

The Insurance Women's Club of Washington, D. C., has elected as president Ethel MacDonald, U. S. Aviation Underwriters; vice-president, Alice H. Potter, N.A.I.A.; secretary, Mrs. Eleanor Smithson, U. S. Chamber of Commerce Insurance department.

The Calumet Adjusters Club of Lake County, Ind., held a dinner meeting.

Direct-reading Social Security figures in "gadget" form. Inexpensive. Ask THE NATIONAL UNDERWRITER.

A WINNING COMBINATION

HOMETOWN
BANKER →

For Financing Hometown Purchases

HOMETOWN
INSURANCE
AGENT →

REAIZING that when the local bank gets the financing the Hometown Agent gets the insurance, Fireman's Fund has created a practical advertising plan designed to promote Bank financing of cars and appliances. Providing a follow through for the "Bank & Agent plan," it consists of an original theme—HOMETOWN CREDIT-SAVINGS—backed by a series of advertisements for banks to use in their local newspapers. ☆ "Credit-Savings" immediately suggests bank financing. It is similar to an installment savings account except that the customer gets the money before he saves it, enabling him to buy for cash. He then accumulates the necessary funds through regular "deposit-payments" plus interest on unpaid

balances. ☆ "I save because it gets me things and use while I save" is a typical appeal. In this manner the plan avoids the negative terms borrow—debt—loan. Instead it associates the idea of Bank financing with saving for a goal with the added advantage of getting the money in advance. A brochure explaining the plan is being mailed to all banks and to every agent representing a company of Fireman's Fund Group.



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INSURANCE COMPANY

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INSURANCE COMPANY

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THE PLAN

includes free newspaper mats for banks supplied through agents of the companies of Fireman's Fund Group.

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Risk Policies

Every community will share in the coming building boom. This presents a sales opportunity to aggressive agents in the solicitation of Builders Risks.

There is a form to meet the needs of owners of every type of building to be constructed.

Consult our Fieldmen early for competent advice on the best form of policy to use, for fire prevention suggestions, and minimum insurance cost.



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Insurance Exchange Building
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PACIFIC COAST DEPT.
340 Pine Street
San Francisco 4, Cal.



Fire :: Automobile :: Inland Marine

Envision Modest Central Office

(CONTINUED FROM PAGE 3)

association on the feasibility of a central office.

Garrison recommended appointment of a central office standing committee of three, consisting of the president of the commissioners' association as chairman, with two other commissioners, to see that it performs the functions assigned to it.

The committee definitely opposed a central office managed or supervised by anyone not a member of the association.

Discussion of Financing

There was considerable discussion about financing, and Forbes suggested some figures to enable visualization of the problem. At present the commissioners' budget is about \$8,000 raised almost entirely by assessments on states. The central office could be operated, the committee estimates, at approximately \$20,000 a year. Some \$7,500 of this would go to retain a capable assistant secretary. There would be about \$2,400 for a stenographer and \$2,400 for rent. The remainder of the \$20,000 would go for miscellaneous expenses, recording convention proceedings, and the like. An estimate of \$1,000 for the secretary was proposed, but finally eliminated because the commissioner elected to that post would have a supervisory job only. He would have few details to handle and little or no expense.

Forbes said that states now are paying an average of about \$150 a year, and it will be necessary to have approximately twice that much. Harrington said it will require real leadership by commissioners to get the increased budget through the various states.

Deputy Timbers, of Wisconsin, said that Commissioner Duell and he appeared recently before the budget committee of that legislature with an increased amount for a central commissioners office, and the budget committee received it favorably.

Graded Contributions

Gibbs said that the commissioners might get up a contribution scale based on the amount of premiums written in a state. Texas, for example, might be willing to contribute \$600 or more a year, if it thought the central office were a good idea. Garrison pointed out that the smaller states would get more benefit from the central office than the larger states that have organizations of their own.

Ensor of Maryland urged that information as to each state's contribution be sent to the states early because budget matters require a long time to get through.

Garrison then suggested that the committee recommend to the secretary and the standing central office committee that they give immediate consideration to the over-all problem of equitably financing the central office. If the plan is adopted, Garrison continued, the association should send a communication to each state immediately with the suggestion as to the amount each state is being called on to contribute.

Gough of New Jersey asked, "Have you given sufficient consideration to the large increase in expense of each state as it undertakes increased duties under rating laws? New Jersey has added \$25,000 to the department expense in the past two years to take care of its rating organization."

Up to State

Garrison replied that if the states won't pay, the plan will fail. The committee can only try. It is starting modestly. It can expand as experience shows the value of the work.

As to the central office budget, the income needed beyond approximately \$16,000 would be derived, the committee indicated in its report, from the sale of copies of the association proceedings; from a bulletin service in insurance companies on department rulings, legis-

lation and other actions of commissioners.

On suggestion of McKenzie of Arkansas, the committee recommended the title executive secretary of the central office.

Bowles of Virginia expressed opposition to the central office proposal, although at the end of the discussion he said that Virginia would go along with any plan adopted by the commissioners. "What services will the central office people perform that have not been well done by the commissioners themselves in the past?" he asked.

Supervision Enters New Era

"Insurance supervision is entering a new era," Garrison pointed out. "There is a necessity for greater authority in the commissioner's office. Commissioners are going to have to overhaul their machinery to be able and equipped to meet increased responsibilities. For example, what arrangements do the commissioners actually have with the national council or the Interstate Underwriters Board? A central office could keep records of this kind that would be valuable."

Bowles emphasized the impermanent status of the secretary, who is an elective or appointive officer in his own state.

The assistant secretary, however, would be permanent, Garrison replied. The average life of a commissioner is two to 2½ years, Bowles pointed out. Direction of the office will change. Also it is going to be difficult to get the money to run such an office, Bowles declared.

Old Oregon Rate Reinstated

The Oregon Insurance Rating Bureau has reinstated the former annual rates of \$1.65 for growing grain and \$2 for seeds which were rescinded April 1. The explanatory circular said that this revision would affect a few insured who in past years had coverage on exceptionally late maturing crops written at short rate. The deletion of the rates last April was because it seemed that the newly reduced seasonal rates given for growing grain and seeds would eliminate the need for the annual rates.

WANT ADS

FIRE UNDERWRITER AVAILABLE

Age 30—married. One and one-half years university, also special courses in insurance. Experience as assistant underwriter, underwriter and fieldman. Address J-68, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Middle aged man, preferably with Southern Field and Inland Marine experience as underwriter in large Florida General Agency. Give outline of past experience and employers, age and salary expected. Address J-39, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

By New England company Special Agent for Philadelphia and suburban territory, including southern New Jersey. State age, experience and qualifications. Replies confidential. Address J-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Fidelity, Surety, and Burglary man interested in making a connection with an aggressive large insurance agency in Wisconsin. Give full particulars as to age and experience. Replies confidential. Address J-62, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Scottish Veterans

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NEWS OF FIELD MEN

Scottish Union Veteran Retires

Fred W. Gaston, for more than 40 years superintendent of agents for Scottish Union & National in Washington, Oregon, Idaho and British Columbia, will be retired Jan. 1. Mr. Gaston has for many years maintained his headquarters at Tacoma. He has been on the inactive list for several months following a heart attack. Effective Jan. 1, the Pacific Coast department will have jurisdiction over all of the states in the coast field and Mr. Gaston's successor, yet to be named, will report to San Francisco.

Nominate Zecher to Head Washington Field Men

Carl F. Zecher, Travelers Fire, has been nominated president of the Washington Fire Underwriters Assn., heretofore known as the western Washington division of the Special Agents Assn. of the Pacific Northwest. Mr. Zecher will succeed Paul F. Harrington, state agent for New York Underwriters.

Election of officers will take place at the annual meeting Jan. 6 in Seattle.

Other nominees are Fred W. Valley, Royal-Liverpool, vice-president; and Elsworth E. Simpson, St. Paul F. & M., secretary. Nominated for the executive committee are J. D. McAnally, America Fore; Guy Frazier, Frazier & Co., and H. R. Breshears, American.

S. F. and Fresno Parties

The San Francisco Blue Goose is holding its Christmas luncheon Dec. 16. Sig Arndt of Finn, Smith & Elbow is in charge.

The Fresno puddle is holding a Christmas party Dec. 14.

Joins Fireman's Fund

Robert N. McFerran has been appointed special agent Fireman's Fund in southern California. Recently back from service in the navy. Mr. McFerran was previously located in Chicago. He was with the Illinois Inspection Bureau from 1928 until 1937 when he went with General of Seattle in the middlewestern territory.

Holden Idaho Special

J. Bernard Holden has been appointed special agent at Boise, Ida., of Royal-Liverpool, associated with Special Agent C. W. Lundquist. Mr. Holden was formerly insurance manager for the Boise Trust Co. and recently returned from service.

McQuade Joins Founders

Founders F. & M. is opening an office at Sacramento as headquarters of Charles J. McQuade, recently appointed special agent for the Sacramento valley. He has been Pacific Northwest examiner of Fireman's Fund at San Francisco.

Two Transferred by Travelers

Two special agents have been transferred by Travelers. William S. Spring goes from Cleveland to the John street office at New York, and Russell A. Larson from San Francisco to Sacramento.

Mo. Coach St. Louis Speaker

The St. Louis Blue Goose at its meeting of Dec. 9 heard Coach Houston Betty of Missouri University, who also showed motion pictures of some of the 1946 games.

An initiation meeting will be held Jan. 20.

The New Jersey Special Agents Assn. will hold its Christmas party Dec. 19 in Newark.

Howe N.E. Chief for Pacific Nat'l

Pacific National Fire has appointed Ralph S. Howe, Jr., as New England field supervisor. Mr. Howe attended Rollins College and entered the insur-

ance business with Great American, later joining Employers Fire as a field man and serving in that capacity for the past eight years.

He will have headquarters at New Haven.

North, Wiley Conn. Club Guests

The Connecticut Field Club had as guests David A. North, president, and William H. Wiley, executive secretary of the Connecticut Assn. of Insurance Agents. At the December meeting Mr.

North described his experiences as president of the National association and offered suggestions to the fieldmen for further cooperation with the agents association. Mr. Wiley made suggestions on cooperation with the public relations committee of the field club.

Plan Xmas Party Dec. 17

The Christmas party of the Anthracite Field Club of Pennsylvania is slated for Dec. 17 at Hotel Sterling, Wilkes-Barre.



REMINDS YOUR CLIENTS OF A NEED!

Every man with a family and a Christmas tree wonders where all those new things can possibly be put away. He's more conscious than at any other time of year of the increase in the personal property he and his family have.

Now's a good time to remind him that he is constantly buying new things without increasing his insurance. Further, as he very well knows from the cost of Christmas presents this year, the replacement dollar-value of

most of the things in his home has increased from fifty to a hundred percent. Yet the chances are his insurance is only enough to replace them at the prices of three, five or eight years ago.

You've heard or read of a hundred instances in which agents have simply asked their clients about this and have secured increases in insurance in eight or nine cases in ten.

This is not a small-time business. A hundred increases in household contents fire and burglary insurance, or in personal property floaters, of only two or three thousand each runs into important premium volume.

It isn't a hard sales job, either. Cite a few actual increases in the costs of clothing, furniture and hobby equipment which you've learned from the stores in your own community. There will be no need to put on pressure. Most of your clients will regard your warning and solicitation as a friendly, thoughtful act. Try it.



Security Insurance Companies

SECURITY INSURANCE COMPANY OF NEW HAVEN
THE EAST & WEST INSURANCE COMPANY OF NEW HAVEN
NEW HAVEN UNDERWRITERS
THE CONNECTICUT INDEMNITY COMPANY

1841 — SECURITY, THE NATION'S WATCHWORD — 1946

NEWS OF THE COMPANIES

J. K. Battershill U. S. Manager of Swiss Reinsurance

NEW YORK—Swiss Reinsurance has appointed J. K. Battershill as its United States manager, succeeding the late Rodney Davis.

Mr. Battershill joined the United States branch in 1938 as branch secretary. In 1943 he was appointed assistant United States manager. He has had

a wide insurance experience, having entered the insurance business in 1925 with Underwriters Adjusting and then successively served with Monarch Fire, and Firemen's of New Jersey.

He was educated at public schools in Topeka and Kansas City, and attended the University of Kansas.

Founders F. & M. Appointments

Founders F. & M. has appointed R. M. Allen assistant to Hamilton Thatcher, Jr., marine secretary, and William C. Beisant, underwriting assistant to Roy B. Luce, chief examiner.

North Star Elects Lamble Vice-Pres.

NEW YORK—John W. Lamble has been elected a vice-president of North Star Reinsurance. He enters North Star after a long experience in the fire and casualty insurance fields. Mr. Lamble joined Liverpool & London & Globe in 1923 in the New York office and after six years with that company became associated with Fidelity & Guaranty Fire, where he served as assistant secretary and controller. He was with the Royal Exchange group from 1942 to 1946, serving as U. S. branch secretary of the Car & General.

Mr. Lamble was born in Liverpool, Eng., and educated in Merchant Taylor's School in that city. He served in the British navy from 1914 to 1920, and shortly thereafter came to the United States, becoming an American citizen in 1942.

Hultine with Aetna Fire Educational Department

Carl E. Hultine has joined the educational department of the Aetna Fire group and will assist L. Ray Ringer, educational director, in the educational and sales training program.

Mr. Hultine is a native of Connecticut, a graduate of Wesleyan University. Before entering the army in 1943, he spent several years as special agent in California, Michigan and New England.

Another school, similar to the one last September, is to open early in 1947 for training men in special agency work.

K.C.F.&M. in 62% Gain

Kansas City Fire & Marine reports that net premiums written for the first nine months of this year, before deduction for reinsurance ceded were \$1,492,780 which was an increase of 61.9% over the parallel period of 1945. The loss ratio on a paid and written basis was 26.4 and on an incurred and earned basis, it was 34.5. The underwriting expense ratio was 37.7.

Assets were \$2,728,469, capital \$1 million and net surplus \$1,107,106.

Planet in New Quarters

Planet has acquired new and larger quarters in the home office building of Standard Accident. Formerly housed on the third floor, the new offices are located on the sixth floor in larger, brighter and more spacious quarters.

Agricultural has declared a regular dividend of 75 cents a share, plus a special dividend of 25 cents a share, payable on Jan. 2 to stockholders of record Dec. 16.

CHICAGO

PHOENIX TO ROOKERY

The complete Chicago operations of the Phoenix of London group—fire and casualty—will be moved to the Rookery, 209 South La Salle street, March 1. They will occupy 11,000 square feet on the third floor.

This will include the various activities of Phoenix Indemnity and London Guarantee that are presently located in the London Guarantee building and the brokerage and other activities of the group that are now carried on at A-1815 Insurance Exchange in charge of H. A. McKenna.

Phoenix Assurance recently sold the London Guarantee building for \$4 million.

REDFIELD TO HAVE OPEN HOUSE

Redfield Associates, Chicago managers of Mutual Benefit Health & Accident, United Benefit Life and United Benefit Fire, will hold a reception and open house Dec. 16 from 5 to 7 p. m., as the official opening of their new offices in the building purchased by the agency at 35 West Jackson boulevard. C. Truman Redfield is head of the organization, with his son Duane as associate.

FETZER RED CROSS HEAD

Wade Fetzer, Jr., president of W. A. Alexander & Co., has been appointed to head the Chicago 1947 Red Cross campaign.

CLOTHING CO. FIRE IS \$170,000

The fire last week at the Wineberg wholesale clothing company at 814 Roosevelt road, Chicago, caused an estimated insurance loss of \$170,000.

The fire started in the basement from an undetermined cause and spread to the first floor. The building was of wood mill-type construction.

The stock was insured for \$91,000 and is estimated at a total loss. There was \$100,000 business interruption with an estimated 50% loss and the building was insured for \$50,000 and the loss there is estimated at \$30,000. Western Adjustment and Frank L. Erion are co-adjusters.

NEW YORK

CHRISTENSEN FUND CHAIRMAN

Frank A. Christensen, president of the America Fore group, has accepted the chairmanship of the Beekman-Downtown Hospital 1947 maintenance fund campaign to raise \$175,000. It serves the entire area south of Canal street, providing ambulance and hospital facilities to the insurance, financial, shipping, textile, wholesale and city hall and state building centers.

APPLETON & COX BONUS

Appleton & Cox effective Dec. 15 will pay a bonus of 5% of annual salary to all employees who were with the firm before Jan. 1, 1946, and a proportionate amount to those employed between that date and Oct. 31.

In addition, a 10% increase in salary effective Jan. 1 will be granted to all who were on the payroll prior to Nov. 1.

Anthony W. Dengler has returned to the central Pennsylvania territory of Providence Washington after a period of army duty. His headquarters are in the Public Ledger building, Philadelphia.

Sgt. F. L. Crowe of the traffic division of the Los Angeles police department addressed the Southern California Fire Underwriters Assn. on traffic problems confronting the department, and showed the new safety film, "Traffic With the Devil," made by Metro-Goldwyn-Mayer in cooperation with the Los Angeles department.

G.I.s....



... The P.X.—Department Store for everything from 3.2 to Nylons ... if you got there first.

An ex-insurance agent (now ex-Army) took over the P.X. insurance job and stacks of miscellaneous policies.

Being an insurance man, he tried to find a means to simplify the coverage ... and finally came to us. Together we worked out a combined form covering all P.X.s—at least cost.

The point is: Can't such simplified over-all coverage be developed for certain business risks? Perhaps you even now have one we could work on together.



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MERCURY INSURANCE COMPANY
SAINT PAUL-MERCURY INDEMNITY CO.**

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St. Paul, Minn.

PACIFIC DEPT.
Mills Bldg.
San Francisco

"CREATORS OF STREAMLINED COVERAGES"

HOW ABOUT CLAIM PAYMENTS?

For close to a century of continuous business, prompt and just claim settlements have been synonymous with the name of The Stuyvesant. Our records show that over 25 millions of dollars have been paid to policyholders since organization.

Why don't YOU learn more about The Stuyvesant?



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POINTERS FOR LOCAL AGENTS

Timely Subjects at A.M.A. Forum Cover Wide Field

Always a popular feature at meetings of the insurance division of the American Management Assn., the question period on coverages at the Chicago meeting last week drew the largest crowd in history.



R. H. Blanchard

In the opinion of veteran observers, it was one of the most constructive forums ever held, with "catch" questions conspicuous by their absence.

Prof. R. H. Blanchard of Columbia University, past vice-president in charge of the division, was moderator and he lived up to his reputation as an able spark plug. R. S. Bass, Decatur, Ill., treasurer A. E. Staley Manufacturing Co., represented the buyer; A. I. Wolff, Chicago, past president National Assn. of Insurance Agents, the agent; E. T. Schmidt, Chicago, manager Fidelity & Deposit, bonding; B. A. Jochen, Rockford, western department manager American of Newark, fire; A. L. Papenfuss, Wausau, Wis., vice-president Employers Mutuals, liability and compensation, and R. A. Mitchell, Chicago, manager North America, inland marine.

There was much interest in the new rule in most territories limiting payroll for compensation and liability premium purposes to \$100 per week. Mr. Papenfuss touched off a hot discussion by opining that this change will redistribute premiums, but will not reduce the cost of insurance to the average insured. He predicted that any classification which produces inadequate premiums will be rerated to make up for this and cited the recent 30% increase in rates for airplane pilots as evidence.

Mr. Papenfuss also made the point that the records of most firms are not set up to incorporate this limitation into payroll audits and making needed changes will cost many insured more



B. A. Jochen



A. I. Wolff

than their premium saving. The fact that many large firms are now under retrospective rating and hence would be unaffected, except for a possible reduction in minimum premium, was brought up from the floor.

U. & O. vs. Extra Expense

Asked about the relative merits of business interruption and extra expense insurance, Mr. Jochen said that the circumstances of each insured must be studied before specific recommendation can be made, but that under present conditions many firms need business interruption insurance where previously extra expense would have sufficed. All the money in the world, he said, will not put some businesses back into production at present and hence an actual loss of earnings is inevitable.

Mr. Jochen, in answer to another question, said that the prohibition of term rates on builders risk insurance and reporting forms is largely a matter of custom in the insurance business and might well change in the future. He also said that most companies do not like depreciation or replacement cost insurance, but it has some growth as a competitive factor.

Value of Surveys

Mr. Bass aroused considerable comment with his statement that he thinks an insurance audit by an independent consultant can be very useful to a firm, but sees little value in surveys by insurance agents and brokers.

Several subjects which are almost regular repeaters at A. M. A. meetings came in for their share of discussion. On the question of flat daily valued business interruption insurance, Mr. Wolff said that this is standard procedure in the power plant field but not in fire insurance. While it can occasionally be obtained from fire companies on a special basis, Mr. Wolff said he does not think the market is good now, as fire companies are getting all the business interruption insurance they want under standard forms.

Another favorite raised was the question of inventory shortages under fidelity bonds. Mr. Schmidt said that loss of merchandise, equipment or stock through employee pilferage is unquestionably covered, as the bonds cover loss of prop-

(CONTINUED ON PAGE 32)

Property Facts Are Basic

The starting point for sound solution of problems of Insurance, Income Taxation, Re-conversion, Accounting and Finance is an accurate knowledge and record of Property Facts.

The AMERICAN APPRAISAL Company

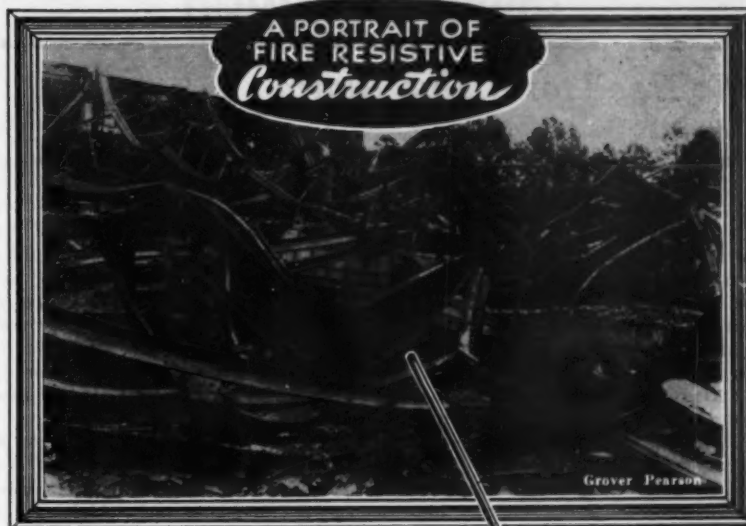
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Fire Resistive DESTRUCTION That is!

That's no joke son. Iron and steel do not make a building "fireproof," a term reasonably applied to buildings constructed of steel, brick, concrete, or other noncombustible materials. For a structure is only as "fireproof" as are its contents, and a blazing interior fire would quickly reduce that structure to a shambles of twisted steel and broken concrete.

This picture of destruction is not a pleasant one—nor a needed one. For with ever watchful "Automatic" Sprinkler Protection, fire just doesn't have a chance to make headway . . . it's stopped

at its origin . . . damage is held to a minimum.



—a famous member of the "Automatic" Sprinkler Family. Provides adequate protection for quench tank, transformer, oil line and other fires of flammable liquid origin.

Loss of life by fire or cessation of manufacturing and selling operations because of fire is inexcusable. Such losses are needless and incalculable. 24-hour a day fire protection for every business is a must.

Call upon an "Automatic" Sprinkler engineer for assistance on any fire protection problem. He can even show you how savings will pay for installations.

*With apologies to Senator Claghorn

"Automatic" Sprinkler

"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA

YOUNGSTOWN, OHIO OFFICES IN 37 CITIES

"Automatic" Sprinkler designs, manufactures and installs a complete line of fire protection devices and systems for all types of fire hazards. Listed by Underwriters' Laboratories, Inc., and approved by Factory Mutual Laboratories

EDITORIAL COMMENT

No Need for Undue Alarm

There is much loose talk going around because people in their prejudices or ignorance declare that the country is going to smash; that business is being jolted off its foundations; that strikes are retarding progress and are causing permanent damage. Undoubtedly, there is much unrest. There are taxing and irritating problems. However many of these issues are exaggerated in importance.

After all, people that decide the fate of a country are the people in it. The United States has always rested on the good sense and excellent judgment of its citizens. After all they are the ones who decide. Fortunately for this country, the people are pretty well educated, well informed, fairly well disciplined, they take a common sense view of life and go ahead and do the best they can even under difficulties that are numerous and heavy.

Insurance is facing its biggest problem and yet we all know that it will continue to serve the public in a very exceptional way. It will be able to solve its own difficulties. It will have to adapt itself to new conditions, new thoughts,

and new demands. We must have efficient regulation of insurance to protect the public. So far as 95% of the insurance companies are concerned, there would be no need for regulation if they were the only ones in the land. They are thoroughly conscientious, they are equipped with the highest standard of service, they are honorable in their dealings, they want to stand well with the public and they do not need to be told what to do or what not to do. They regulate themselves.

Unfortunately, we do not have all companies of this description. There is a minority that give the state insurance departments their chief worries. The public must be protected from such concerns and the regulatory methods may seem useless and perhaps overbearing to the companies that supervise themselves. Whether we have federal or state regulation it must be entirely sufficient to protect those who buy insurance.

Insurance is safe, the country is safe and the people are safe. All they need is to fall back on their good old fashioned common sense and judgment.

A Model for Speechmakers

We have occasionally commented on one aspect or another of the lengths to which speakers will sometimes stretch out their talks and it seems only fair that when there is a conspicuous example of verbal economy it also should be the subject of comment. Accordingly, we cite for meritorious brevity and conciseness, above and beyond the call of duty, the presidential address given at the recent annual meeting of the Casualty Actuarial Society by Charles J. Haugh, secretary of Travelers.

Mr. Haugh's prepared address consisted of only six double spaced typewritten pages and he preceded it by only a few sentences of extemporaneous introductory matter.

Naturally, Mr. Haugh's talk had merits other than mere brevity. But what he had to say stood out and was readily grasped. His listeners did not have to paw aside vast masses of verbi-

age to find out what he was driving at. It is not surprising that they were enthusiastic.

Speakers who wish to convey a message to their audiences might do well to conduct a Gallup poll among those who have just listened, supposedly intently, to what has been told them. Reporters who come in late at meetings—always for good cause, of course—have learned the hard way how little is remembered of a speech unless it has been painstakingly worked out by the speaker in a manner which gets across his main points without a lot of extraneous words getting in the way. The usual reply of anyone, on being asked what the speaker said is that "it was a wonderful speech but I can't remember just what it was he said."

When more speeches are patterned on the Haugh model listeners will hear less but they will remember more.

Apprenticeship vs. Education

One of the real problems in the business is where the companies are going to get an adequate supply of young men with whom to make the replacements of the future. The companies used to have a number of office boys. The sup-

ply was ample and constant, and these youngsters grew up with the institution and developed in various directions. By the time they matured they were steeped in the methods and traditions of the company. They knew the practices and

understood almost as second nature the character of the business. They knew the people in it. How the business is handled and the peculiarities of various lines were matters they had been absorbing for some years before they reached the age of 21 to 25 and assumed responsible posts with the organization. If they did not fit in, if the business did not appeal to them, they found out early and departed to more favorable pastures. A constant training and selection process supplied the company with seeded, experienced young men equipped and eager to go into the field, assume the responsibility of an underwriter's work, or undertake other of the important and myriad tasks in the insurance business.

The companies have not had these

youngsters for six or seven years. They aren't getting them now. The universities and colleges are full of GIs. The youngsters in high school now will enter college as the GIs go out. Higher education is popular; the easy times make it possible. What youngsters wouldn't rather go to college than go to work? Perhaps higher education has been oversold. Everyone wants to be an expert, a business owner or executive. Yet so many are unequipped to assume this kind of responsibility and discharge it successfully. The lack of equipment is not lack of education. Many of them might be happier and certainly they would be more useful doing jobs for which a long apprenticeship rather than a long period of formal education would equip them.

PERSONAL SIDE OF THE BUSINESS

Among those attending the Chicago meeting of the insurance section American Management Assn. were two women insurance buyers—**Marion Bower**, Davison Chemical Corp., Baltimore, who has been taking part in these sessions for ten years, and **Mona Somkin**, assistant vice-president of Sams, Inc., the big Detroit department store.

This meeting brought together four top executives of **Starkweather & Shepley**, including **W. J. Tulley**, president; **L. D. Stitt**, president of S. & S. of Illinois; **Howard Street**, president of the New York corporation, and **Howard Sanford**, secretary of S. & S. of Rhode Island.

During the course of the meeting a group of men who many long years ago were working for the **Ohio Inspection Bureau** at the same time held a reunion in the suite of **Walter M. Krieger**, assistant secretary of Home. The group included **V. L. Montgomery**, Chicago manager of North America; **Eugene F. Gallagher**, from the head office of Planet; **Frank Day**, who handles utilities business for **Marsh & McLennan**; **Fred Deckman**, insurance manager of **Columbia Gas & Electric Co.**, and **B. A. Jochen**, western manager of American.

A bronze medal was awarded at Chicago posthumously to **E. N. Hopkins** of Des Moines during the 25th anniversary National 4-H Club Congress. He was one of the 4-H Club founders. Mr. Hopkins died just a few days previously. He had engaged in insurance and related activities for many years and was a brother of **B. C. Hopkins**, prominent Des Moines local agent. There were only four bronze medals presented.

Arthur R. Roben, newly appointed manager of the underwriting department of Planet, started in the business in 1914 with National Fire. He advanced through the ranks to become agency superintendent and went with Planet in 1945 as head of the inland marine department and consultant on automobile underwriting. He will now be in charge of all underwriting activities. **Clark Bowen**, who has just been named senior underwriter, returned to the Standard Accident organization after returning

from navy services as a lieutenant commander. Prior to the war he was in the Detroit branch of the Standard Accident in an underwriting capacity. His father was **C. C. Bowen**, who was president of Standard Accident.

W. E. Newcomb, executive assistant in the western department of the Great American and former assistant manager of the Western Underwriters Assn. and Mrs. Newcomb are receiving congratulations on the birth of a daughter. They already have two sons.

S. R. Howard, secretary of North British & Mercantile, who is soon to take over as Chicago manager of North British & Mercantile, is in Chicago this week, but is returning to Philadelphia where he has been the manager, Friday. He is facing quite a round of activities before he takes up his Chicago position permanently Jan. 12. On Jan. 2 he is to be feted by the officers of North British at New York on the occasion of his 40th anniversary with the organization. Then at noon Jan. 6 he will be guest of honor at a luncheon given by a group of about 60 or 70 brokers and agents of Philadelphia. The chairman in charge of that gathering is **Wright Humphreys** of Hutchinson, Rivinus & Co. **G. H. Duxbury**, U. S. manager of North British, will attend. That evening the Philadelphia office organization will give a dinner for Mr. Howard.

DEATHS

Frank P. Hauser, 64, provisional examiner of the Washington Insurance Examining Bureau at Seattle for many years, died at Ballard General Hospital following an operation. Before joining the bureau he was a local agent at Seattle. He went with the bureau in 1923.

Clovis K. Holliday, 56, assistant manager Michigan Inspection Bureau, died at Detroit. Born at LaRue, O., Mr. Holliday graduated from Ohio State University in 1917, following which he was an appraisal valuation engineer for

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the government until he entered the engineering department of the Kentucky Actuarial Bureau, where he served successively as hydraulic engineer, branch manager and chief rater. In 1924 he transferred to the Michigan Inspection Bureau as assistant manager.

Wheeler, S. E. U. A. Manager, Dies

ATLANTA—Lloyd T. Wheeler, secretary-manager of Southeastern Underwriters Assn., died here following a brain operation. His age was 53. Mr. Wheeler, a native of Louisville, studied civil engineering at the University of Kentucky and entered insurance work as an inspector with the Oklahoma Inspection Bureau but was soon assigned to general engineering work in addition to rating duties.



Lloyd T. Wheeler

In 1924, when the companies reentered Mississippi, he aided in the organization of the Mississippi State Rating Bureau and became its chief engineer. The following year he was made manager of that bureau. He became manager-secretary of the Southeastern Underwriters Assn. in 1936, succeeding to the positions formerly held by William F. Dunbar, retired, and the late Joseph S. Raine.

He served in France during the first war as a captain of infantry and following that war became a major on the active reserve list.

It was known that Mr. Wheeler's health was impaired for some time, but his death caused a distinct shock in in-

surance circles. He died a week after undergoing a cerebral operation.

Mr. Wheeler was widely known as a fire prevention and protection authority and was a director of the National Fire Protection Assn.

Glen D. Willaman, executive secretary of the California Real Estate Assn., who recommended Frank C. Colridge, previously his assistant, now secretary of N.A.I.A., to the California association when it was seeking a full-time secretary, dropped dead while installing new officers at a realtors dinner. Mr. Willaman worked in close cooperation with the agents' associations, often attending conventions and regional meetings.

W. C. Mathey of the Farmers National Agency, Waseca, Minn., died there.

Arthur A. Juttner, 81, founder in 1906 of the agency at Menominee, Mich., which is now operated by his son-in-law, Hugh K. Cavill, died there after an illness of several years.

Warren S. Shaw of the Fullerton & Shaw agency, Brockton, Mass., founder of the New England Advisory Board and a leader in New England insurance agent's organizations for nearly 40 years, died in a Boston hospital after several months of failing health.

Mr. Shaw was an active member of the Massachusetts Assn. of Insurance Agents since 1907, serving on the executive committee from 1913 to 1945 and on the legislative committee from 1917 to 1944. He was president of the association 1918-20.

He founded the New England Advisory Board in 1920 and was the first chairman. He was secretary-treasurer from 1921 to 1940.

Mr. Shaw represented the Massachusetts agents at the state house for more than 20 years and was prominent at the legislative hearings. For many years he was in charge of arrangements for the summer conventions of the New England agents. He had been in the insurance business at Brockton for 53 years.

Adolph Reutlinger, 56, head of the Liberty Fire Insurance Agency of Louisville, died there following an illness of about six months. After attending Cornell University he joined his late father, Albert Reutlinger, in Reutlinger & Miller agency, Louisville. Later that agency was dissolved. Edward J. Miller established his own agency, and Mr. Reutlinger formed the Reutlinger & Stith agency which about 1916 became Reutlinger & Co. About 1930, Mr. Reutlinger consolidated his agency with Liberty Fire, a company doing mostly an agency business, which was affiliated with Liberty Bank & Trust Co. In 1940, shortly after Mr. Reutlinger had bought up most of the outstanding stock of Liberty Fire, he made a deal with Royal to reinsure its business. He served in the coast guard reserve during the recent war.

A. H. Green, 62, Cook county special agent since 1909 for Atlas, died in his home of a heart attack. Mr. Green started in the business as manager of the insurance department of H. O. Stone & Co. Chicago, in 1903. From 1905 he was special agent for George M. Harvey Co. for five years. He was treasurer of the Fire Insurance Club of Chicago from 1918 to 1920 and was a life member of the Fire Underwriters Assn. of the Northwest.

L. Van Auken, 80, who was a partner in the agency which was a forerunner of the present Lansing Insurance Agency, died at his home in Lansing, Mich. He and L. C. Blood organized the Blood-Van Auken agency in 1899 and it was incorporated into the Lansing Insurance agency in 1901. He had been out of the insurance business since then.

Funeral services were held at Spring Lake, Monday, for Cornelius DeRoo Mulder, 53, local agent at Muskegon for 30 years prior to his retirement in July, 1945. Mr. Mulder went to Muskegon shortly after graduating from high school, becoming associated with G. C. Chaddock in his agency. He remained

with that agency, which had become Chaddock, Winter, Mulder & Alberts, until his retirement. The family moved to Miami at that time and he handled some brokerage business there as long as his health permitted. He was especially interested in fire prevention and protection.

Hiram M. Meeker, 82, an employee of the western department of Boston and Old Colony for 20 years before his retirement several years ago, died at his home in Lansing, Mich.

Howard Berolzheimer, 50, economist of the National Tax Equality League and former insurance professor at Northwestern University, died Dec. 11 in an ambulance of a heart attack while being taken to Evanston hospital. Mr. Berolzheimer had recently made a number of talks around the country on tax matters. He was professor at Northwestern for 10 years and joined the tax league in 1944.

James A. Friedel, 48, who represented Sun Life of Canada and was also attached to the Barton, Curie & McLaren agency of Indianapolis, died at his home. He was at one time with the Indianapolis local agency of Gregory & Appel.

Arkansas Mid-Year Meet O.K. Qualification Bill

(CONTINUED FROM PAGE 3)

might be expected to appear just prior to the convening of the 1947 legislature.

The qualification bill requires agents to obtain from the commissioner a "qualifying certificate" annual fee \$3) and sets up certain definite standards of aptitude and fitness which the commissioner shall follow in issuing certificates. Also, an agent must obtain at least 50% of his annual premium income from policies written by or through him for insureds with which he has no business connection or financial interest.

Requires Manual for Applicants

First-time applicants are to be subjected to a written examination (fee \$5). The commissioner is required to provide all first-time applicants a printed manual of questions and answers on fire and casualty insurance for study and preparation prior to the examination. The bill also provides a separate qualifying certificate for solicitors who are employed by local agents.

Exempted are (1) life insurance agents, (2) ticket selling agents of various common carriers and (3) general agents, special agents and other supervising officers and employees of fire and casualty companies.

Ask 1950 Moratorium

LANSING—A bulletin, largely relating to legislative problems, being dispatched to the membership of the Michigan Assn. of Insurance Agents by Waldo O. Hildebrand, secretary-manager, suggests that it might be wise for the industry to ask for another two year moratorium before attempting in the various states, to solve by legislative enactments the problems created by the interstate commerce decision. It is understood that the suggestion has been approved by most of the state association's most active figures.

Form Guardian Indemnity

Guardian Indemnity has been incorporated at Columbus, O., by James O. Seymour, I. D. Weed and Carl Tange-man, with capital of \$100,000. It is represented by the law firm of Vorys, Seter, Seymour & Pease.

Folley Now Manager

Fireman's Fund Indemnity has appointed Robert C. Folley manager of the western department at Chicago. He has been acting manager for the past four years.

THE PHOENIX-CONNECTICUT GROUP of Fire Insurance Companies



The Phoenix Insurance Company, Hartford, Conn. 1854

The Connecticut Fire Insurance Co., Hartford, Conn. 1850

EQUITABLE Fire & Marine Insurance Company PROVIDENCE, R.I. 1859

ATLANTIC FIRE INSURANCE CO. Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO. Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO. White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO. Minneapolis, Minn.

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You'll enjoy the informal, pleasant and friendly-like manner to which our agents have become accustomed in our 63 years of furnishing sound protection.

WE INVITE YOU TO PARTICIPATE in this informality

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SECURITY FIRE INSURANCE COMPANY "That Friendly Company" DAVENPORT, IOWA

Solution to Insurance Problem up to Distillers

NEW YORK—It is likely that the distilling industry will have to provide most of the solution to its present problem of underinsurance on barrel whisky. The insurers always have given special consideration to whisky, and they haven't any plus facilities to speak of to take care of the huge rise in values that followed elimination of OPA ceilings. Underwriters regard a considerable part of this value increase as inflated, since there is little or no movement of barrel whisky except among the smaller rectifiers.

It is suggested that if distillers put realistic values on barrel whisky; if they altered the practice of filling a warehouse with one year's distillation and instead put that of several years into one warehouse; and if they constructed additional warehouses at a safe distance from other warehouses—they would have no appreciable coinsurance problem. Right now distillers would improve the situation by transferring barrels of whisky of different ages and thus getting a lower total value in each warehouse.

Some distillers are experiencing the problem in all three of its phases at the present time.

\$650 a Barrel

The whisky policy contains a clause permitting distillers to value the price in glass less certain deductions. A number of distillers at today's prices have arrived at a barrel valuation of \$600 to \$650. However, there are other distillers who on the same type of whisky arrive at a price of \$400 per barrel. The latter have less of an insurance problem than the others. They are not taking advantage of the whisky market value clause, which is permissive rather than mandatory. They are getting practically all of the insurance they need except for the warehouses of poor fire risk, or where warehouses have been built too close together, or where they are loading one warehouse with one year's distillation so that the values in that particular building rise to enormous heights as the whisky grows older.

The difference between placing one year's whisky distillation in one warehouse, and splitting up whisky of various ages and placing a portion of each year's run in each warehouse, is obvious. For example, if all of the whisky in a particular warehouse is four years old, it might represent a concentration of \$10 million, whereas if it was evenly distributed between four year old, three year old, two year old, and one year whisky, there might be only \$2½ million of whisky exposed. Since company underwriters reach a certain maximum which they will accept on any one warehouse, when values get too high, the capacity of the insurance market is exhausted before the distiller gets his values fully protected.

Construction Factor

Many warehouses are of frame construction and have neither outside fire protection or very little. Yet distillers like to follow the practice of placing all the whisky of a certain year, say 1941, in one warehouse, the production of the next year in a second warehouse, and so on down the line. Each year the value of the whisky in each warehouse increases substantially, and the value concentration is too great for insurance purposes.

Some warehouses are too close to distilleries where the fumes are a constant explosion hazard. Then, too, warehouses are built close to each other. This means that instead of each warehouse being considered a separate risk, on which an insurer might write a \$50,000 line, a group of several warehouses must be considered as the same risk, and the company's \$50,000 line spread over all the warehouses in that geographical

group. Before OPA ceilings went off, companies were taking in some instances roughly two and a half times the line they normally would accept on a warehouse of frame construction without much protection. The insurers learned from the Glenmore fire that frame warehouses should be at least 150 to 250 feet apart, depending on dyking and topography, in order to be considered separate risks. Distillers would find it advantageous to consult underwriters as well as rating boards.

The passage of time is not causing the marine companies or the marine departments of fire companies to change their minds on writing whisky liability. Observers believe that there will be little additional insurance "created" for whisky by the Kentucky department's permission to marine companies to write the business.

Marine People Fire Conscious

Marine companies are giving more thought to fire liability today than formerly because they were hit by a couple of bad fire losses. The losses plus what the marine people see going on in the fire insurance field have made them fire conscious. To illustrate, when the government sought coverage of \$20 million worth of silk, the marine companies assumed the business but reinsured all the fire liability with fire companies.

Neither the fire nor the marine companies are anxious to kick around their reinsurance treaties. Many of these treaties contain an excess of loss agreement, so that if the reinsurers suffer losses, next year the ceding company must make up the difference plus a substantial profit. Reinsurers are not going along too far with a catastrophe line. These reinsurance arrangements are extremely valuable to the originating company, and they will go to considerable lengths to protect the relationship for the future.

Another factor that is playing its part in the whisky insurance drama is the cost of acquiring the business. In expected cities the average commissions to agents on whisky business is 35% where insured specifically. In other areas the average is around 20%. In expected territories the cost of agency commission is more than the originating company gets from its reinsurer as commission. With 75% of the premiums to pay losses instead of 60%, it can afford to be more liberal in the lines it assumes.

Insuring Practices

Most of the whisky insurance is specific. In certain cases insured can get it for three years at 2½ annual premiums. Some of it is written on reporting forms. The practice has grown up in the whisky field of insuring a substantial portion of the basic value exposed under specific insurance, and then purchasing a reporting form insurance to provide enough flexibility to cover fluctuations. If insured's values remained constant, there would be no point in insuring under reporting forms. However, substantial fluctuations of values have been the rule rather than the exception since the repeal of prohibition. Most of the reporting form business is written on I.U.B. form 1 because it is the broader of the two reporting forms, and assured wants it. Form A provides the same commission as the specific policy, but the rate is on an annual basis. There is no term privilege.

Agents like the specific coverage for another reason. It places the business on his books for three years, while both the reporting forms come up for renegotiation each year. Form 1 is written at an average rate and form A at a specific rate.

The coinsurance on specific insurance is generally 100%. If the whisky stock to be insured is valued at \$2 million and

there is \$1 million specific insurance, in event of a 50% loss, the specific insurance would on a 100% coinsurance basis pay \$500,000, while the general cover or reporting form insurance of \$1 million would pay \$500,000. Of course it is unlikely that there would be a 50% loss because whisky warehouse losses usually are total. It is, however, possible in reinforced concrete warehouses with reinforced concrete floors. It is interesting to note that practically the only losses have been on the physically poorer risks.

80% Coinsurance

There are arrangements under which specific insurance can be carried at 80 or 90% coinsurance. Taking an 80% coinsurance ratio, a loss of \$1 million on a \$2 million valuation, the specific loss would be \$1 million divided by \$1,600,000 or 10/16ths of \$1 million. Thus the specific insurance would pay \$625,000 and the general cover floater \$325,000 under these circumstances. The general cover is excess over the specific.

Some companies will write only specific insurance on whisky. Some will write only the general cover floater. Others will write both. However, the companies that write both divide into two groups, one checking all specific lines carried before accepting any general cover offering, and the other group practically ignoring the amount of specific carried in judging what they will take under the general cover floater. Both general cover and specific are written at tariff rates, but the ability to buy the certain specific for three years at 2½ annual premium makes that the cheaper type.

Ties up Capacity

Because of this method of writing whisky insurance, some of the companies in the past adopted the policy of not writing general cover floaters on whisky at all. They might assume a million dollar line on a \$1,200,000 whisky risk. There was \$800,000 of specific insurance. Theoretically this company's premium was what \$400,000 worth of risk taking will produce. This is the general cover insurance, however, for only one month. The next month values might be \$1,600,000. The distiller then placed \$1,500,000 of specific insurance on the risk, and the general cover premium was based only on \$100,000. If the value went down to \$900,000 with \$1 million of specific, then the general cover insurance got nothing. The company tied up its capacity but was paid nothing for it. In some cases the general cover insurance ended up the year without a cent in premium.

Accept Report on Examination of Rating Bureaus

NEW YORK — The examinations committee of the National Assn. of Insurance Commissioners accepted the report of the subcommittee recommending that the plan of examination of pools, syndicates, etc., adopted at the Portland meeting be adopted for rating organizations. Gough of New Jersey reported for the subcommittee. Johnson of Minnesota presided. The report provides that the scope and details to be covered in any examination of rating organizations shall be developed by experience and by the requirements of the laws of the states in which the organization is licensed or operates.

In the examination of a rating organization licensed or operating in more than one state, the home state superintendent or commissioner shall invite representative participation by officials of other states as he deems appropriate and also give notice of the impending examination to the officials of other interested states. The examinations, in order to be acceptable by other interested states and to avoid unnecessary duplication of work and expense, should cover any reasonable request made by the official of an interested state. If the home state supervisory official has no statutory authority to make examinations, or refuses, neglects or is unable to do so, the examinations committee chairman at the request of one or more states in which the rating organization is licensed shall designate an interested supervisory official in place of the home state official to proceed with the examination.

At a meeting of Gough's subcommittee here, the point was made that commissioners are apt to get more complaints from insurers than from policyholders as to proper application of rates in a state by a rating bureau.

Must Follow New York Lead

At the examinations committee meeting several commissioners admitted that at the outset it will be necessary to follow the lead of New York, because that state has practically the only experience in examining rating organizations.

There was much pro and con debate as to whether the zone method of examination or the individual state system should be used. The zone examination machinery is already burdened, it was brought out. The plan suggested for pools is to leave the call for an examination to the home commissioner. Forbes of Michigan expressed dissatisfaction



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Garrison of California said commissioners want to avoid the expense of a number of states rushing in to make examinations of rate making bodies. On the other hand, public law 15 requires positive regulation. The commissioner can examine the rating bureau or have someone act for him as under the zone plan. In some states there isn't statutory authority to examine rating bureaus, Harrington of Massachusetts said. Dineen of New York replied that the commissioner doesn't need specific authority to examine any insurance organization.

Dearth of Experienced Men

There is a dearth of experienced examiners, Dineen said. Gough replied that the only way to teach them is to put them on a job with New York examiners. The zone plan won't produce experienced examiners, Dineen commented. Harrington expressed the fear that there will be collisions between state insurance departments where one state makes the first examination. Another makes the second and finds that the first's recommendations did not produce the right results. He thought the report ought to outline more specifically the nature and intent of the plan of examination. Ensor of Maryland pointed out that when a state department needs certain information from a company examination it does spot checking and it can do the same in bureau examinations.

The committee accepted the Gough subcommittee's recommended changes in minimum qualifications for convention examiners. These include a call for at least two years insurance examination experience in regularly conducting a department's examination work before representing the zone in convention examinations.

25% of Cover on Surplus Ships Sold in U. S. Market

WASHINGTON — An average of 25% of marine and protection and indemnity liability insurance on surplus ships being sold by the maritime commission is placed in the American market, according to commission officials. While the commission "prefers" such coverage to be placed on the American market, it does not insist upon it, in view of reports that United States rates often are higher than British.

The commission recently approved the sale of 714 vessels under the ship sales act. Prices are \$650,000 each for Liberty ships and more than \$2 million for others. The commission demands cash payment of 25% of sale price with the unpaid balance covered by mortgage, which in turn must be insured. Purchasers are understood generally to insure additionally in order to cover full value.

Policies provide for marine hull, including war risk, and P. and I. covering liability for crew members, collision liability, and damage to shore structures.

Single License for Agents

A special state commission on insurance law revision, headed by Deputy Commissioner Pingree, has recommended complete revision and strengthening of Vermont's laws on the licensing of agents, brokers and adjusters. The recommendations will go to the 1947 legislature along with the commission's recommendations for a new rate regulatory law.

The licensing bill provides for written examinations of new applicants except for limited travel insurance agents' licenses. Agents licensed for five years in the state may be exempted from examination, but the commissioner can call for examination on license renewal.

One license would be issued to the producer instead of one for each company represented. Adjusters would be licensed. Most salaried company field men and employees of agents and brok-

Atlanta Tragedy Stuns Nation, Demand End to Epidemic of Hotel Fires

(CONTINUED FROM PAGE 1)

victims of the holocaust.

An investigating committee, headed by A. C. Hutson, assistant chief engineer of the National Board, accompanied by C. C. Styron, Atlanta chief of police, and H. N. Pye, chief engineer of the Southeastern Underwriters Assn., made an inspection trip over the ruined hotel Sunday, sizing up the situation. The hotel was rated as fireproof, but Mr. Hutson declared no structure could be called fireproof where open stairways formed a chimney, producing a draft, aided by the elevator shafts. The structure was reported to have been newly painted throughout and it was thought the fresh paint gave impetus to the spread of the blaze.

Started in Mattress?

Mr. Hutson, Chief Styron and Fire Marshal Phillips reported Monday to Atlanta authorities their tentative theory that the fire originated in a mattress in a storeroom on the third floor. They suggested the possibility that someone, perhaps intoxicated, had flipped a cigarette butt into the room, which was only 10 feet from the main stairway circling the elevator shaft. Through this shaft the fire spread to the upper floors. Mr. Hutson declared gases probably piled up in the stairwell in a column reaching to the top floor and that when they became sufficiently heated full combustion broke out with explosive force.

Governor Arnall has requested a complete probe of the situation and the city of Atlanta will conduct an investigation. The hotel had changed hands several times and was valued at \$750,000, according to Paul C. Maddox, realtor, in charge of the properties. The most recent owner was Mrs. Annie Lee Irwin of Atlanta, and A. F. Geele, Sr., A. F. Geele, Jr., and R. E. O'Connell constituted the operating company, since 1943. Mr. Maddox said plans had not been considered for the future, but it was probable the hotel would be replaced with the most modern type of structure.

Atlanta experienced a disastrous hotel fire May 16, 1938, when the Terminal hotel burned with a loss of 35 lives.

WINECOFF P. L. LIMITS ARE 20/70,000 IN OCEAN

The large loss of life in the Coconut Grove fire at Boston produced some interest in high public liability limits by hotels, but since the La Salle Hotel Fire in Chicago there has been a consistent demand for greater protection. However, it is doubtful if many hotels today could get limits great enough to cover a catastrophe like that of either the La Salle or the Winecoff hotels. A few have sought limits as high as \$5 million, notably the Waldorf Astoria in New York.

The Winecoff hotel carried public liability in amounts of \$20,000/\$70,000 in Ocean Accident.

Market Grows Thin

If the originating company writes the higher limits, the cost is extremely moderate, but after the La Salle fire the underwriters revised their hotel writings, and the market has been noticeably more reluctant. Hotels have gone into the open market for excess amounts. But here the cost is a good deal more. On one hotel the cost for limits between \$2½ million and \$5 million at the rates used by the direct writing company was

about \$90, but it would not write the extra amount. The hotel went into the professional excess market and was asked \$4,000 for the coverage. Formerly the casualty company engineer judged the risk by the number of exits, how quickly and with what safety guests of a hotel could escape in case of fire or accident. Now he works with the fire engineers and pays a good deal of attention to fire resistive construction, fire walls and cutoffs.

The excess market received a lot of requests for higher limits from Chicago hotels after the La Salle fire.

May Be No Negligence

The reports from Atlanta indicate the possibility that the hotel was not negligent. The structure met the fire ordinance. There was no delay in calling the fire department. Even so, juries are likely to make short work of any insurance available.

Normal liability losses in the hotel field have been heavy for several years due to the increased occupancy, too heavy for the rates before the big hotel fire losses started. The present revision of general liability rates by the National Bureau of Casualty & Surety Underwriters, it is anticipated, will include a hike in these rates. Some underwriters would like to get hotel rating on a basis other than footage—on occupancy, or revenue, or average paid room rental per year—to reflect more accurately the exposure. The room rental is being used by at least one non-bureau company.

May Be Even More Cautious

The Atlanta tragedy doubtless will prompt insurers to underwrite even more conservatively high liability limits for hotels. The Hotel La Salle fire emphasized that losses might easily run from \$500,000 to \$1 million, and it would be unwise to observe the existing standard rates for excess limits. Many, therefore, increased the premiums for higher limits. Some demanded double the rate up to 10 times the rate according to the character of the hotel and hazards. London Lloyds was sought out on the theory that it might be more liberal but Lloyds immediately set aside the standard rate table and fixed its own price for increased limits. The Atlanta hotel could easily be held for from \$500,000 to \$1 million if it is held liable.

In addition department stores and other large retail mercantile centers

Convention Dates

1947

Jan. 8-10, National Assn. of A. & H. Underwriters, midyear, Blackstone Hotel, Miami Beach, Fla.

Feb. 25-26, Michigan agents, midyear, Book-Cadillac Hotel, Detroit.

Mar. 27-28, Minnesota Agents, midyear, St. Paul Hotel, St. Paul.

April 21-25, National Assn. Insurance Agents, midyear, Oklahoma City.

May 1-4, North Carolina agents, annual, Carolina Hotel, Pinehurst.

May 5-6, American Management Assn., insurance conference, Hotel New Yorker, N. Y.

May 7-8, New York agents, annual, Syracuse.

May 15-17, Insurance Accounting & Statistical Assn., annual, Chicago.

May 15-17, Texas Agents, annual, Galveston.

May 25-29, National Fire Protection Assn., annual, Chicago.

May 26-29, H. & A. Underwriters Conference, annual, Paxton Hotel, Omaha.

June 26-28, Virginia Agents, annual, Hotel Roanoke, Roanoke.

Sept. 15-17, International Claim Assn., New Ocean House, Swampscott, Mass.

Oct. 13-17, National Assn. of Insurance Agents, annual, Atlantic City.

Oct. 23-25, National Assn. of Mutual Agents, annual, Cleveland.

have been jamming these stores during the present season cause underwriters to open their eyes and see the hazard confronting them. The applicants were told that the standard rates were discarded and the cost would be much higher. In fact, many underwriters concluded that department store hazard was greater than that of hotels because of the immense crowds during the entire day.

Underwriters are studying other classes of risks that may have assumed a far more hazardous nature in recent years so far as calamity is concerned.

Greatest Hazard in America

"The vertical open stairway or well is the greatest fire hazard in America," Mr. Hutson asserted.

Sprinklers might have saved many lives, Mr. Hutson said. If doors had been kept shut, transoms closed, cracks sealed with wet clothes, and the window opened a little from the bottom, some of the victims might have been saved, he said. Fireproof is a loosely used term and means fire resistant. All it really means is that the building won't collapse under a fire. A furnace is fireproof but no one can live in it.

The Dec. 8 National Board broadcast over Mutual, one in its series of "Crimes of Carelessness," dealt with examples of what to do and what not to do in case of fire in a hotel. Script for the broadcast, "If I Should Die," was prepared some weeks ago, and its presentation Sunday was a coincidence.

Service Office Setup for Pearl

The Chicago operations of Pearl are being converted from a branch office plan to a service office setup. The counter was closed as of Nov. 30 and no new brokerage business has been accepted since that date. However, facilities are available to handle endorsements and other policy changes until normal expiration.

For the time being the service office will operate from the old quarters at 1215 Insurance Exchange, but some time prior to April 1, when the lease expires, quarters will be established elsewhere in the Insurance Exchange building. The service office in charge of John J. Sevic will minister to the needs of the class I plant, which currently consists of 11 agents.

Feibel Marine Man

Louis Feibel, Jr., will be stationed at the service office to handle inland marine affairs.

The change resulted from considerations of economical operations ensuing upon a detailed cost analysis of the business. D. J. Cowie, United States manager, was in Chicago last week attending to matters relating to the change.

L. E. Williams Is Feted at Chicago Luncheon

Luman E. Williams, new assistant superintendent of fidelity and surety department of Hartford Accident at Chicago, was guest of honor at a luncheon at the Union League Club celebrating his appointment and recent election as secretary of the Surety Underwriters Assn. of Chicago.

George H. Moloney, vice-president of the western department, was host. Mr. Williams has been with Hartford at Chicago for 10 years. Before that he was an engineer with the Illinois state highway department. During the war, he was an instructor in mathematics and surveying at the artillery school at Fort Bragg, N. C.



L. E. Williams

Come Close to Accord on Big Issue at N.A.I.C. Gathering

(CONTINUED FROM PAGE 1)

ments and kept everything going with the utmost smoothness.

World Bank Director Speaks

To stimulate interest in the legalization of investments in securities issued by the International Bank for Reconstruction and Development and to arouse the interest of all insurers, but particularly the life companies, in investing in these securities, Emilio G. Collado, U. S. executive director of the bank, addressed the meeting of the law and legislation committee.

While the bank's securities are not obligations of the U. S. government nor guaranteed by it, they are backed by fully adequate resources, Mr. Collado said, including the right to call on each member of the member governments for the full amount of authorized capital. For the U. S., the largest participant, this would be an additional \$2½ billion. The bank plans to market 10-year notes and a 20 or 25-year amortized bond. The bank will sell its own bonds and also guarantee the bonds of individual member countries. In addition to the interest charged borrowers they will be charged 1 to 1½% which will go into a guarantee fund to take care of possible defaults and suspensions.

FIRE & MARINE

The fire and marine committee, of which Carroll of Rhode Island is chairman, discussed the progress of the adoption of the new fire classification plan by the states, adopted the report of its appeal subcommittee on underwriting profit and loss and the 1921 commissioners' standard formula, and received the preliminary report on the uniform accounting investigation of the New York department's committee headed by Deputy Shelby C. Davis.

Lewis A. Vincent, assistant to the general manager of the National Board, said that New York, New Jersey, Pennsylvania and Maryland had given notice that the new classification basis would be required for all admitted insurers beginning Jan. 1, 1947. Mr. Vincent said a number of other states have said they were willing to accept the new classification basis and that some others had not been heard from.

Only one state, which he did not identify beyond saying it was in the middle west, had stated it was not in a position to adopt the new basis. There has been no opportunity to discuss the matter with the state's commissioner but Mr. Vincent said he doubted that there was a statutory barrier to its use. He said a bulletin would be sent out by the middle of this month to the companies, giving the position of the various states on the use of the new classification plan.

Use of Amounts Written Figure

There was some discussion of the use of the "amounts written" figure in the annual statement, as many contend that the figure means nothing as a measure of the amount at risk, since it takes no account of the time the business is at risk. Mr. Vincent said only two states, Kentucky and Missouri, require the figure as a matter of law, and two others call for it because they consider it important.

Following the committee's adoption of the subcommittee report on underwriting profits and loss, Dineen of New York, subcommittee chairman, said particular credit should go to Thomas Morrill of the New York department, who did the research for the subcommittee. Chairman Carroll agreed, saying it was only necessary to look at the number of footnotes to appreciate the work that had been done.

In connection with the uniform accounting report, Mr. Dineen praised the work of Mr. Davis and his staff. He em-

phasized that the report is purely factual and that no recommendations will be made until the entire study has been completed. When the facts have all been assembled the procedure will be to work through a special committee of the N.A.I.C. with the insurance industry to produce an accounting system that will be so satisfactory that it will be uniformly adopted throughout the nation.

Mr. Dineen made it clear that when the facts are all in, the industry will be given plenty of opportunity to be heard. He said that some time after Jan. 1 the department would call hearings and ask the industry if it cared to submit any research of its own. He expressed the hope that the complete report will be ready for the June meeting of the N.A.I.C. and said that it will "promptly start a holocaust." He added that "we felt some people were taking this matter rather casually and we wanted to call attention to the fact that it was a big problem." Mr. Morrill said one state is considering writing into its rating law the 1921 commissioners' standard profit and loss formula and that such a state might well want to consider this report.

Question of Commissions

Discussion of agents' commissions came up at the meeting of the uniform accounting committee, of which Casualty Commissioner Gibbs of Texas is chairman. Dineen of New York said that use of uniform accounting would bring a lot of under-the-table deals with producers out into the open, since they could not be concealed after it became illegal not to follow the prescribed pattern of classification of accounts.

In this way, said Mr. Dineen, it will be possible to have accurate information on production costs, and that these costs must be taken into account. He said direct regulation of commissions would not be involved but there would be indirect regulation through regulation of the expense portion of the premium dollar.

D. R. Ackerman, vice-president of Great American, speaking for the National Board's uniform accounting committee, agreed on the importance of the New York department's uniform accounting studies and the need for uniform classification of accounts in view of public law 15.

Perkins of Maine, Wilson of Kentucky and Mitchell of Georgia were appointed a special subcommittee of the fire prevention committee by McKenzie of Arkansas, chairman, to consider the possibilities of disseminating information on arson and criminals through a central office. The subcommittee will report to the full committee at the N.A.I.C. June meeting.

Hale Discusses Methods of Establishing Values

WARREN, O.—Clayton G. Hale of Cleveland addressed the Trumbull County Insurance Board on establishing proper values for insurance. Agents from Warren, Niles, Newton Falls, Hubbard, Girard and Cortland attended. James L. Byrnes of Paige & Byrnes, Warren, president of the association, presided.

Stating that the better appraisal companies differ as to methods of arriving at values, particularly as to "bonds" costs now involved in the building industry, he took up several apparent discrepancies or "puzzles" to agents. These involve new rulings of the adjustment companies, particularly as to losses involving refrigerators and cooking stoves, commonly thought of as household goods.

Discussing the all-industry bill, Mr. Hale stressed that while it may not be perfect, it is after all an outstanding achievement, coming as the result of the handwork of an industry so diversified in its interests and practices.

"Improve the appearance of your offices and have them look like substantial business firms," Mr. Hale advised. "Eliminate anything that is wasteful of the energies of your agency or wastefully adds to the burden of supervision and administrative expenses of your companies. See to it that you are in an unassailably strong economic unit, performing recognized and needed services and performing them efficiently and well—not a weak, apologetic unit which causes embarrassment to yourselves, to friendly companies, and to your own trade associations which undertake to look after your interest as a group basis."

U. S. Chamber Insurance Group Has Full Agenda at New York Confab

Several reports were considered by the insurance committee of the U. S. Chamber of Commerce at its meeting at New York Tuesday. These included:

Revitalized fire prevention program by John A. North, Phoenix of Hartford; health advisory council by Howard Strong of the chamber staff, health and accident committee by Rollin M. Clark, Continental Casualty; insurance membership of U. S. chamber, Walter F. Beyer, Home; hemispheric conference committee, read for John A. Diemand of North America, who was unable to attend, and a revision of the booklet, "Analysis of Provisions of Workmen's Compensation Laws," presented by Ed Hilton of the chamber.

So far only Brazil, Canada, Cuba, Ecuador and Nicaragua have designated members to the permanent hemispheric conference committee, according to the Diemand report. The chamber insurance department is proceeding with preliminary plans for a meeting of the committee in 1947, possibly in Medellin, Colombia, or Rio de Janeiro.

The State Department believes its international trade program embraces insurance, though there are presently

Commissioners Study New Tax Form

NEW YORK—The taxation committee of the National Assn. of Insurance Commissioners passed on to the examinations committee a tax form found helpful in zone four. This is a sheet which examiners fill in with the company's method of premium allocation, net premiums, etc., as the examination is being made. The figures are for each state interested, and the departments of those states can verify the figures against the filing made in that state by the insurer.

The committee also recommended a study of what changes in state taxation have occurred and what court opinions have been handed down on the subject as a result of the S.E.U.A. decision.

Revive Casualty Forum

The Casualty Underwriters Forum of New York, which suspended activities temporarily during the war, is being revived at a Christmas party Dec. 18 at the Hotel Woodstock.

Interprets Guiding Principles

NEW YORK—Ward Cunningham of Chubb & Son interpreted the agreement of guiding principles between fire and marine companies in a talk before the Inland Marine Claims Assn. Tuesday.

Mrs. Hugo Dalnar, head of the Dalnar agency in Chicago, entertains Thursday evening this week at her home on Lake Michigan, Evanston, the insurance women's Distaff Association. She is a former president.

Foster Leaves; Cohen Surety Head

NEW YORK—Alexander Foster has resigned as manager of the fidelity and surety department of Assn. of Casualty & Surety Executives to become assistant general manager of Airlines Terminal Corp., New York.

David Q. Cohen becomes acting manager of the fidelity and surety department. He joined the association in 1939 and became assistant to Mr. Foster in 1941. He served as acting manager of the fidelity department for two years while Mr. Foster was in the navy.

enough complications to the program without injecting insurance. The committee will continue to keep in touch with the State Department.

Because tourist automobile coverage is a matter mainly for individual companies, the committee has dropped it from the agenda.

Mr. North called attention to plans for revitalizing the activities of the National Fire Waste council.

The council is to submit specific projects for local chamber committees to work on, the first being for each local fire prevention committee to conduct a survey of the fire fighting and fire protection equipment in its own city. The chamber staff plans a manual on fire prevention similar to the one now being used by local chambers for urban fire prevention.

Jackson Marine Underwriters Head

Following the annual luncheon of the American Institute of Marine Underwriters at New York City, the board of directors elected Harold Jackson, William H. McGee & Co., president to succeed T. J. Goddard, Chubb & Son. Vice-presidents are Henry B. DeGray, Appleton & Cox, and J. Arthur Bogardus, Atlantic Mutual. Ernest G. Driver is secretary.

The following are members of standing committees: Admissions, Thomas S. Deering, J. Whitney Baker, J. W. Morrow, M. M. Pease, and H. C. Thorne. Forms and clauses, Hawley T. Chester, W. H. Curwen, Mr. DeGray, R. R. Dwelly, E. E. Ellis, J. Mather and G. B. Oxford.

Legislation, J. T. Byrne, Hawley T. Chester, J. S. Gilbertson, F. B. McBride, M. W. Morron, Henry H. Reed and O. C. Torrey.

Relations with carriers, H. E. Reed, Owen E. Barker, Henry A. Klahre, F. MacCabe, G. W. McIndoe, O. L. Owen and W. D. Philips.

The principal speaker, Percy Chubb, Chubb & Sons, warned that even at a time when immediate sentiment is away from government controls, we marine underwriters must recognize that the public interest will require continuing safeguards and that the government if not as a participant, then at least as a referee, must continue to have an important part in the game. "We as business men have both the right and perhaps a greater opportunity than in the past to see that the rules are fair and the path of wisdom is to utilize this opportunity rather than to advocate a policy of absolute laissez-faire," Mr. Chubb said that marine insurance stands or falls with the public welfare, national and international, and urged underwriters consciously to scrutinize their practices to make certain they are consistent with sound economic policy.

He cautioned that a continuance of pre-war quotas and controlled exchanges would be destructive to the welfare of marine insurance. Cartels and price fixing are likewise inadvisable.

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CASUALTY INSURANCE NEWS

RATE ISSUE TAKEN AWAY

Little Left for Commissioners' A. & H. Committee

NEW YORK—After the Bureau of Personal Accident & Health Underwriters and the Health & Accident Underwriters Conference submitted to the commissioners their proposals for regulation of the business and the subject was taken over by the commissioners' rates and federal legislation committees, it became a question as to what purpose the commissioners' accident and health committee served. This was the chief topic of the committee at the meeting here. Commissioner Knowlton of New Hampshire, the chairman, presided.

Further Study Proposed

The sense of the meeting was that submission of regulatory proposals does not solve the problem, and the committee recommended appointment of a subcommittee for further study of accident and health regulation, together with possible revision of the standard provision laws of the various states.

The subcommittee would hold hearings between now and next June and make its report at the commissioners' meeting then.

Some representatives of the accident and health business asked for a revision in the Official Guide by striking out section H, covering what the policy says with regard to cancellation. Their contention is that the subject is adequately covered in section F. Besides, section H makes the "brief description" too cumbersome.

The industry representatives also wanted the committee to define proper uses of the Official Guide. Some states are not using it at all and others are applying it too stringently, they said.

Study Doctor's Complaint

The only business transacted by the casualty and surety committee, of which Bowles of Virginia is chairman, was to pass on to the accident and health committee a letter from a prominent Richmond physician who wrote Mr. Bowles objecting to the proof of disability required by a hospitalization insurer. The insurer asked for particulars of each condition for which the doctor previously had treated the patient and whether the patient had suffered previously from one or more of 20 diseases specified plus any other diseases or ailments.

The physician wondered why the insurer didn't simply ask the doctor to name every disease or condition the patient ever had had. Bowles said he thought the requirement on the physician, which had to be notarized, is an unnecessary imposition. He suggested that if an insurer wants that kind of information, it ought to examine the applicant before issuing a policy.

Gibbs of Texas said this would probably increase the cost of the insurance. He suggested that the insurer is trying to find out if the statements in the application were correct.

Atkinson to N. Y. for Mass.

Indemn. Brastad Minn. Head

MINNEAPOLIS — Loyal Atkinson, Minneapolis branch manager of Massachusetts Indemnity, will open a new branch office at New York for that company about Jan. 15. The company has been writing in a limited way in New York for some time.

Mr. Atkinson opened the Minneapolis branch two years ago and has developed it into one of the company's leading offices. Prior to coming to Minneapolis he was in charge of the office at Detroit. He has been in the accident and health

business for 16 years.

He will be succeeded at Minneapolis by Ralph H. Brastad, who is a well known life, accident and health producer in the Minneapolis area. Mr. Brastad has spent his entire business career, 23 years, in the insurance business here.

Wis. Doctors Hire Milwaukee Surgical Care Director; City Group Refuses to Surrender

MILWAUKEE—R. S. Saylor has resigned as manager of Surgical Care of Milwaukee county to become director of the new Wisconsin Physicians Service.

The house of delegates of the Wisconsin State Medical Society in October had resolved that Surgical Care should cease operating Dec. 1 and should be merged into a similar state organization in the prepaid medical care field. Even so, the county society has been balking at giving up Surgical Care. The county group recently voted to refuse to comply with the state organization's demands until a corporation with physician and lay members was formed to handle Surgical Care.

The state society has formally demanded that the county organization turn over Surgical Care to the state group.

Wisconsin Physicians Service is now in operation, according to Charles H. Crownhart of Madison, executive secretary of the State Medical Society. He claims that it has more than 1,400 physician members including 300 in Milwaukee county. WPS, he said, is offering the same services as Surgical Care except that additionally it is providing limited diagnostic care for non-hospitalized surgical cases and will allow subscribers nine months of maternity coverage after their contract has otherwise lapsed.

A contract to sell WPS coverage has been offered to Associated Hospital Service, which has such an arrangement with Surgical Care, but no agreement has been reached, according to Mr. Crownhart.

Holds Permissive User Must Cooperate to Same Extent as the Named Insured

A permissive user of an automobile, being an insured, is just as much obligated by the cooperation clause in an automobile liability policy as is the named insured, the Illinois supreme court declared in giving a decision for the insurer in *Zitnik, Admx. vs. Burik et al.*, and *U. S. Mutual*.

William Burik was the owner of the automobile and he was insured with U. S. Mutual. In June, 1942, he gave Herbert Muthart permission to drive the car and while the latter was doing so, it struck and killed William M. McInerney. Zitnik got a judgment against Muthart for \$5,000 which was not paid and U. S. Mutual was summoned as a garnishee. In the lower court a judgment was entered against U. S. Mutual for \$5,000 but the appellate court reversed the judgment.

U. S. Mutual denied liability on the ground that Muthart failed to cooperate in the investigation and defense of the claim. Zitnik's argument was that Muthart did not know of the protection afforded him by the policy and since U. S. Mutual failed to give him such information, there was no duty resting upon him to cooperate.

Muthart Was Jailed

Following the accident, Muthart was put in jail but there is no evidence that he was tried on any criminal action. Muthart did not deliver to U. S. Mutual the process served on him in the damage action. He gave no notice of the accident to U. S. Mutual, neither did he

furnish any information as to the persons injured or the names of witnesses.

When an investigator for U. S. Mutual called on him, he refused to answer any questions saying his attorney had told him "to keep his mouth shut." A few weeks later when the investigator tried to find him, he was told that Muthart had moved out of the state.

The supreme court stated that even though the requirement for Muthart's cooperation was dependent on his knowledge of the benefits afforded him by the policy, Zitnik's contention that Muthart was under no obligation to cooperate until U. S. Mutual disclosed the fact to him that he was an insured, could not be adopted because there is no evidence that Muthart did not have knowledge of such fact. U. S. Mutual did not apprise him of the benefits he might derive under the policy, but there is no evidence that he did not acquire the information from another source.

The court also rejected the suggestion that the fact that a criminal charge was pending against Muthart excused him from the obligations of cooperation. The questions asked by U. S. Mutual's investigator were not such as to cause Muthart to fear that any facts he would disclose would be used against him in the criminal action.

Cattell & Waldron, Alfred Roy Bulbert of Chicago represented Zitnik and Barrett, Barrett, Costello & Barrett, Wendell H. Shanner, Chicago were attorneys for U. S. Mutual.

"Agents Casualty Guide" Is New Text by Harold Gee

Harold F. Gee, assistant secretary in charge of the western department of Commercial Casualty and Metropolitan Casualty, is author of the 208-page book, "Agents Casualty Guide," that is published by Rough Notes, 1142 North Meridian street, Indianapolis, price \$2. This is a simplified book of casualty principles and practices, and according to the publisher, gives all the facts necessary to write 95% of the ordinary agency business. The major facts about each type of cover are brought out by the question and answer method, and details that concern only home office underwriters are omitted.

There are 479 questions and answers subdivided into the basic sections of general casualty information, liability insurance, burglary and robbery and plate glass.

Michigan Court Voids Heart Death Awards

LANSING, MICH.—The Michigan supreme court is taking a firm stand against allowing workmen's compensation in cases of death from heart diseases, having reversed two such awards in recent decisions.

In one case the compensation commission of the department of labor and industry had awarded dependents of Oscar F. Poindexter \$23 weekly for 400 weeks, plus \$32 last sickness and funeral expenses. Poindexter, a state conservation department employee, became fatally ill after testifying in court in a department case.

In another instance, the court overturned an award to Mrs. A. Ione O'Neil, of Jackson, widow of Bernis O'Neil, who died of a heart ailment while employed as a salesman. It had been argued that his death was induced by over-exertion during a strenuous trip in which he made numerous stops despite a heavy snow.

Lloyds Issue in Wisconsin

MILWAUKEE — Alderman Krug, sponsor of the resolution which resulted in an investigation of the \$348,700 deficit of Milwaukee Centurama conducted this summer by Midsummer Festival Corp., has received word from the Wisconsin insurance department on his inquiry regarding an item of \$11,000 for insurance spent with "Lloyds and others." Commissioner Duell and L. J.

Yaudes, chief casualty examiner, advised Ald. Krug that London Lloyds is not authorized to transact any form of insurance business in Wisconsin and should have no representative in this state soliciting business. The audit report states that the Centurama policy providing comprehensive public liability was handled by All Risks, Inc., of Chicago.

No Surety on Miners' Bonds

WASHINGTON — No surety company executed appeal bonds for John L. Lewis and United Mine Workers of America in connection with the fines of \$10,000 and \$3½ million, respectively, recently imposed upon them by sentence of the federal court here. Lewis furnished bond in the sum of \$10,000, signed by himself, without surety, and deposited \$10,000 in cash.

The union gave bond in the sum of \$3½ million signed by Thomas Kennedy, its secretary, and deposited that amount with the court.

A member company of the Towner Rating Bureau had figured on the \$3½ million bond required. Bureau companies write appeal bonds of this kind for 1% or a maximum of \$20,000.

There is always 100% cash collateral or the equivalent and the charge is for service. UMW paid \$35,000 to the clerk of the court, thereby losing \$15,000.

Discuss Conducting Interview

The Columbus Assn. of Accident & Health Underwriters at its meeting this week was addressed by T. A. Stevens of United Benefit Life and W. A. Bretschger of Mutual Benefit Health & Accident. Methods of conducting interviews were discussed.

Set Ill. Federation Date

Donald K. Weiser, president of the Insurance Federation of Illinois, announced the annual luncheon will be held in Chicago Feb. 3. He is manager of Aetna Casualty in Chicago.

Second Termers



W. A. Williams



Carl P. Daniel

Carl P. Daniel, who was recently elected to serve his second term as president of the National Assn. of Casualty & Surety Agents, is head of the Daniel & Henry Co., St. Louis.

Mr. Daniel is a Virginian. He started in the insurance business with the agency of William B. Merrimon at Greensboro and later entered the branch office there of National Surety as assistant manager.

He served in the first war and then returned to National Surety as assistant manager at Newark. Then he was transferred to St. Louis as manager of the surety and burglary departments of the National Surety general agency. Two years later he entered business for himself and with Jesse P. Henry, formed the Daniel & Henry Co. Mr. Daniel acquired Mr. Henry's interest in 1939. Mr. Henry died in 1944.

Reelected as vice-president of the association is Wheaton A. Williams, who is one of the most prominent insurance men in Minnesota. He is vice-president of the Fred L. Gray Co. of Minneapolis. His father was Theodore Williams, one of the early prominent agents of Minnesota. Wheaton Williams started in his father's agency at Mankato. That agency is now owned by his brother.

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Buyers Group Sets Records in Lively Chicago Meeting

523 Registrants Hear Values, Protection, Crime, P. L. 15 Discussed

The insurance division of the American Management Assn. broke all attendance records at its meeting in Chicago last week. Not only did the registration of 523 run way beyond the previous high—something less than 400—but the fact that over 70% of the registrants were actual buyers of insurance was outstanding. At previous meetings only about half of those registered fell in this classification.

As a result, the four sessions all had overflow crowds, with even the balcony of the grand ballroom of the Drake hotel well filled most of the time. As usual, the Thursday afternoon session, featuring a question and answer panel, was the high point of the meeting. This and the Friday afternoon discussion of insurable values were the only appearances of insurance men on the platform. The five formal papers were all delivered by buyers, also for the first time in the history of the division.

Carpenter Able Chief

I. M. Carpenter, New York, insurance department manager Ebasco Services, vice-president in charge of the insurance division, was praised on all sides for arranging and handling the program. Ebasco Services is a service corporation for the companies controlled by Electric Bond & Share and Mr. Carpenter has been prominent in the insurance division for many years. He is a half-brother of H. B. Collamore, vice-president National Fire.

Due to current conditions, there were no formal dinners or luncheons. Marsh & McLennan were hosts at an elaborate buffet party Thursday afternoon, which was attended by virtually all of the registrants and to which the insurance managers in Chicago were invited. Chairman C. W. Seabury and Vice-president D. R. McLennan, Jr., were present, as were most of the staff of the Chicago office and a number of executives from other offices of the agency. Rollins-Burdick-Hunter Co. also entertained that evening and Friday morning Lumbermen's Mutual Casualty held a breakfast for the registrants, with Vice-president N. C. Flanagan as host.

The only apparent effect of the coal strike on the meeting was a shift in the announced program. R. B. Gallagher, Philadelphia, insurance manager of Philco Corp., who was scheduled to speak Thursday morning on public law 15, suffered a train delay of several hours. He spoke Friday morning and J. A. McGuckin, Philadelphia, property protection engineer Philadelphia Electric Co., moved over to his spot. The other Thursday morning speaker was A. D. Marshall, Schenectady, assistant secretary General Electric Co., who discussed trends in social insurance, with the emphasis on recent state legislation affecting group insurance plans.

Mr. McGuckin described the schooling procedure of employees in his organization, emphasizing that the work must be done long before any fire occurs. He said, for example, that Philadelphia Electric makes a practice of discarding the instruction sheets or tags

Graduation of Premiums by Size for All Types of Risk Seen

NEW YORK—Eventual gradation of premiums by size of risk, for all types of risk, is foreshadowed in the preliminary report in the New York department's uniform accounting investigation filed with the fire and marine committee of the National Assn. of Insurance Commissioners here this week.

The report states that as a result of the investigation recommendations will eventually be made for the proper allocation of insurance costs and that the ultimate goal of the investigation is the formation of an integrated plan of cost distribution from the initial classification on the companies' books to a statement of costs by size of risk.

Fixed and Variable Expenses

The report points out that many kinds of expenses do not vary in the same proportion as premium volume, for example, salaries, etc., while other kinds of expenses, such as commissions and certain taxes, bear a direct relationship to premium volume and fluctuate in direct proportion to premium volume. This difference in the characteristics of expenses has a bearing on rate-making, the report notes, and it has been suggested that experience statements filed by the companies be in such form that the varying expenses will be segregated from the unvarying expenses. This proposal, which is being studied, "has important possibilities."

The report goes on to say that during the March, 1944 hearing on workmen's compensation before the New York department, the fact was developed that the companies had very little in the way of statistics to show cost by size of risk. At the hearing's conclusion Superintendent Dineen recommended that the industry and state supervisory officials explore the possibility of obtaining figures to justify graduation by size of risk.

N. Y. Department Will Collaborate

The New York department plans to ascertain whether any such study is being made and, if so, arrange to participate in it if possible. In that way the department's uniform accounting staff will have the advantage of working closely with those who are most familiar with the problem. The report points out that the department cannot undertake an investigation of this type without the wholehearted cooperation of the companies and for that reason participation in a study would seem an ideal starting point for designing methods for use in the various lines of insurance for the compilation, or estimation, of costs by size of risks.

Taking up the question of commissions, the report states that the present system of throwing all types of commission into one account creates a hodgepodge and that supervisory authorities and companies are currently seeking a method of commission bookkeeping to give more informative results. The many proposals that have been made boil down essentially to these: (1) take contingent commission, countersigning commission, and management commission and reinsurance commission out of the commission, and set these up separately. This would leave brokers, local agents' and general agents' commission

on fire extinguishers, on the theory that no employee can be expected to read instructions calmly when a fire is going on and that they should be taught to use them in advance. Where the size of an organization does not warrant a full time fire department, a volunteer setup should be organized, with regular meetings, small classes, sufficient equipment available and the cooperation of municipal fire authorities or of the chiefs of the nearest volunteer fire com-

panies. Local fire departments are more than glad to cooperate with industrial organizations if a friendly approach is made before a fire occurs and this can avert, Mr. McGuckin said, such actual cases as plants sustaining serious damage because the entrances are not large enough to admit outside fire fighting equipment.

OBJECTIONS NOTED

Certain companies have put into practice, in their home office bookkeeping, parts of these proposals but the report cites two principal difficulties: the apportionment cannot be accurately made without much labor and after the apportionments are made the amount remaining in the commission account will still represent a mixture of different elements because of the varying size of agencies, rates of commission, and types of agencies. To appreciate this it is only necessary to consider the cost characteristic for brokerage, local agency and general agency commissions.

A method which the report says has "far reaching possibilities" would be to take contingent commissions, countersigning commissions and management commission out of the commission account and set these up separately. This will leave brokers', local agents', and general agents' commissions in the commission account. Revise the fire and marine experience exhibit to require experience within each major class, for brokerage business, local agency business, and general agency business. The object is to obtain a complete schedule of costs applicable to each subdivision.

Salary Distribution Discussed

Dealing with salary distribution, the report says that "if an accurate and practical method of distribution of salaries could be adopted many of the problems in overhead expense distribution would be solved, because not only would the salary expense be thus distributed but certain other types of overhead expense could be apportioned as an overhead on salaries." The report considers it essential that accurate methods be adopted which may be used uniformly by the companies in distributing salary expense.

Discussing boards and bureaus, the report points out that while insurance departments insist on a detailed disclosure of other company disbursements they allow board and bureau assessments to be lumped. The uniform accounting survey "may well indeed be extended to boards and bureaus" in the near future, according to the report.

Vast Amount of Data Included

The bulk of the report consists of figures showing in detail how the companies surveyed actually distribute their expenses. These take up 230 pages. Included also are a number of representative answers from company executives to questions as to what suggestions the company has for revising the annual statement, for revising the New York fire and marine exhibit, and for other statutory reports.

Philadelphia Electric calls a general meeting of its operating personnel after

(CONTINUED ON PAGE 26)

N.A.I.C. Committee Accepts Report on Compensation Base

Graduation of Expense Report Also Accepted: to Work Out Formula

NEW YORK—The workmen's compensation committee of the National Assn. of Insurance Commissioners meeting here this week accepted the report on a premium base for compensation insurance submitted by the special committee of the National Council of Compensation Insurance. It also accepted the report of the National Council on graduation of expense according to size of risk, and indicated that it planned to appoint the committee of insurance department experts, authorized by the Portland meeting of the commissioners, to work with the industry to determine a formula for such graduation.

With respect to the report on limitation of payrolls for premium computation and incorporating the limitation in the rating structure, Gibbs of Texas pointed out that wage levels are at higher levels. Many firms are adopting profit sharing and pension plans to improve or maintain employee relations and get more production. If employers are penalized in higher workmen's compensation premiums, the commissioners are going to be criticized. The industry, if it considers the problem, will realize what needs to be done, he said.

10-Risk Study in Process

The report of the National Council's special committee points out that an actual audit is being made on various bases of at least 10 representative risks to obtain information. The tests outlined for the 10-risk study are extensive. When completed and the results analyzed they will afford a valuable contribution to the question of whether modification of the premium base is feasible and practicable. Fourteen carriers are cooperating in the study, and field audits are in progress. Results will be ready for the June, 1947, meeting of commissioners.

The council report on premium base contained the tentative opinions of the special committee on overtime wages. The special audits now being made will permit more general conclusions. In the meantime the report dealt principally with the auditing difficulties involved in several premium bases suggested as alternatives to the present method of arriving at a premium. These alternative proposals include maximum weekly average or maximum amount per week; maximum and minimum per week; floor and ceiling on wages in combination with head count by classifications, and alternate bases of man-hour, man-day, and man-week.

William F. Roeber, general manager of the National Council, filed the report. Hodges of North Carolina, presiding as committee chairman, said that the National Bureau of Casualty & Surety Underwriters is anxious that some of the work on this project be done immediately, and suggested the need of the sub-committee to review the work that has been done by the bureau and the National Council.

In urging the development of up to date experience in the field of analysis by size of risk, James M. Cahill of the

(CONTINUED ON PAGE 26)

McFall, Dorsett Appeal in Tandem for Model Bills

**Casualty Leaders, at
Ark. Rally, Answer Foes
Point by Point**

LITTLE ROCK—John M. McFall, vice-president and chief attorney of U. S. F. & G., sounded a call here to agents and insurance forces everywhere "to meet the challenge to the retention of state control by working for the enactment in every state of the legislative program of the all-industry committee and National Assn. of Insurance Commissioners." He was addressing a special meeting of the Arkansas Assn. of Insurance Agents. "We rely on your leadership," he declared, "to enact the



Dewey Dorsett



J. M. McFall

proposed laws in your own state; to you we entrust the future of state supervision, perhaps the future of insurance."

The agents gathered Sunday to hear reports on the rate regulatory bills, on the eve of their mid-year convention which opened the next day. Another strong appeal for enactment of the legislation was made by Dewey Dorsett, general manager, Assn. of Casualty, Surety Executives.

Mr. McFall took the gloves off in a spirited retort to the critics who have publicly attacked the bills. He asked his audience and the entire business to decide whether counter proposals that have been offered would save insurance from the "withering" results of federal regulation.

Cites Congress' Invitation

"Because insurance has enjoyed a healthy growth under state supervision and the public has benefited," Mr. McFall said, "Congress under public law 15 has extended an invitation to the states to continue the regulation of the insurance business. With the same motives, the industry is collaborating with the states in drafting a legislative program which will preserve the benefits of state supervision without federal interference."

"But what kind of legislation must the states pass to free insurance from federal interference? How much state legislation is necessary to insulate insurance from the federal antitrust laws? You must decide whether you will support state laws which will be satisfactory beyond question to the Supreme Court and to the Congress under public law 15, or whether you will run the risk of supporting state legislation which may be ineffectual to free insurance from federal control."

Modern insurance, he contended, cannot operate effectively under the impact of laws which prohibit the companies from engaging in joint scientific rate making. Yet, the federal Sherman act makes such action unlawful and unlocks the door to open rate competition among

GOV. WARREN BOOSTS PRIVATE SCHEMES

685 Voluntary Plans Covering 94,000 Employees Filed in Cal. Under New Law

According to an unofficial check, as at Dec. 6, 685 voluntary plans covering about 94,000 employees had been filed under the California unemployment compensation disability act that went into operation Dec. 1.

Gov. Warren in a public address Dec. 1 referred in some detail to voluntary plans and stated that his administration supports such plans and believes that they are desirable because "greater" benefits would be provided workers under them than under the state fund.

T. H. Mugford, who has charge of making the rules and regulations in the department of employment, in addressing a meeting of the California Chamber of Commerce at San Francisco, estimated that during 1947 that voluntary plans will be approved covering not less than 25% of eligible employees.

Retroactive Approval

Business is flowing into California-Western States Life and Industrial Indemnity which have a joint program at the rate of 75 cases a day. It was provided that any applications for approval of a voluntary plan, filed on or before Dec. 7 could be approved retroactively to Dec. 1. It appears that many employers will effect voluntary arrangements between now and Jan. 1.

Apparently the California-Western States-Industrial Indemnity policy is the only one which has yet been cleared by the American Federation of Labor. Other companies which did not previously get A.F.L. clearance, it is reported, are running into difficulties and having to back-track and revise their policy in some respect or another. This will mean some delay in voluntary plans.

The appeals board by a two to one vote denied any further protest on the definition of "regular wages" such as would bar employees from getting disability benefits under the state plan. In other words, they approved the division chief's recommendation which defines regular wages as those which are paid "directly" and "entirely" by the employer. This means that employees that get sick benefits through the indirection of a welfare fund may still receive state benefits.

Two legislative committees from Illinois have been visiting in California. They include Kermit E. Johnson, man-

agers of the social security department of the Illinois Chamber of Commerce and L. R. Wolfe of the Illinois Manufacturers Assn. They are looking into the California plan so as to be fully informed in connection with any Illinois proposals that may be advanced.

New Policy Announced

West Coast Life announces a new accident and sickness policy which is to supplement the policies written under the group plan of the California unemployment disability benefit act. It will be sold to male and female risks on an individual basis and premiums may be paid either by the employee or employer.

The new policy is called California Supplemental and Extended Income Policy. It supplements the benefits under the state disability law to bring the aggregate up to \$120 a month for sickness or non-occupational accident. When the state ceases to pay the West Coast policy provides for continued benefits up to \$100 a month up to 30 months. It includes confining and non-confining benefits and provides for loss of life, dismemberment and surgeon's fees for non-disabling injuries.

First Such Approval

It is the first policy so far approved by the insurance department and the California department of employment on an individual instead of a group basis which takes into consideration the basic coverage provided for employees covered by the new act.

Commissioner Garrison of California has sent to insurers instructions relating to submission of disability policies for voluntary plans.

In connection with preliminary submission of draft copies of California unemployment disability benefits forms for review and not for authorization, one copy of each of the master policy, individual certificate, master application, and individual application card should be submitted both to the insurance department and department of employment.

In the final submission of such forms for authorization, four copies of each should be submitted to the insurance department, and one copy of each to the department of employment.

Before the forms can lawfully be issued approval or authorization must be

(CONTINUED ON PAGE 28)

ally because there are many persuasive and authoritative indications of the correct answer," Mr. McFall asserted. He went on to cite statements of Roosevelt, Biddle and he pointed to the District of Columbia fire insurance rate law requiring all companies to belong to a single bureau and embracing the prior approval principle as indicating "beyond question that the federal government will not be satisfied with anything less than effective and affirmative state regulation."

The task of the all-industry committee was, he said, therefore, to draft state legislation which would meet these standards. The model bills embody the fundamental principle of effective and affirmative rate regulation.

"The all-industry bills represent the pattern of regulation necessary to preserve state supervision of insurance. And yet, as always, there is a small minority in urging us for the sake of shortsighted expediency to run the risk of halfway measures. These opportunists advocate the passage of rating laws which stand little chance of preserving state regulation or avoiding the twin dangers of cutthroat competition and federal regulation.

"As business men, you must decide whether you will follow the counsel of this small minority which wants to run

(CONTINUED ON PAGE 28)

Pre-Convention Spadework Wound Up at 5-Day Parley

**N.A.I.C. Committee OK's
Milder A. & H. Bill, Ponders
Industry's Other Offers**

NEW YORK—Cogitating intensive for five days on the regulatory treatment of the accident and health business, state unfair practices bill, and the "Moser amendment" suggested by the all-industry committee for the model fire and casualty rating bills, the committee on rates and rating organizations and federal legislation virtually completed its exhaustive job of spadework before the National Assn. of Insurance Commissioners convention got underway here.

The committee approved the accident and health regulatory proposal advanced by the all-industry committee and prepared by its accident and health subcommittee. This is much less detailed than the N.A.I.C. committee's earlier proposal and is much like the New York law governing A. & H. companies in that it gives the commissioner the power to step in when he finds that there is deception, unfairness, deceit misrepresentation or that the benefits provided under a policy are unreasonable in relation to the premium charged.

Must File Policy Data

Policies, applications, riders, or endorsements must be filed with the department and not used for 30 days unless the commissioner approves sooner. He may within 30 days after filing notify the insurer that the policy fails to comply with the law. He must say why and state that a hearing will be granted within 20 days after the insurer has requested it in writing. Also the commissioner, after a hearing of which the insurer must have at least 20 days' notice, may at any time withdraw his approval of a policy on any of the grounds stated in the bill, and the insurer must cease using the form.

When the N.A.I.C. committee, which is headed by Harrington of Massachusetts, met in October it was informed by some insurers that something should be done about regulating concerted activities in the A. & H. field. However, at last week's meeting the committee was informed that the companies heretofore operating in concert would revise their procedures to eliminate any need for legislation covering concerted activities. Hence the committee concluded there was no present need to draft legislation dealing with concerted activities.

State Unfair-Practices Bill

The all-industry committee's proposed draft of a bill that would, so far as is possible, avert the necessity for the federal trade commission to enter the regulatory picture was still on file with the Harrington committee but not acted upon by it up to the time the convention opened, chiefly because the committee had added some material on which the all-industry committee had not yet had an opportunity to act.

There was agreement on the substance of the bill between the all-industry committee and the Harrington committee, the unresolved points being matters of wording. The most important of these was understood to be the N.A.I.C. committee's desire to have the section on boycott, coercion and intimidation bar not only any concerted act but also any independent act of this

(CONTINUED ON PAGE 28)



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Randall Warns Labor of Limit to Public Patience

HARTFORD — President Jesse W. Randall of Travelers, in addressing a gathering of the Hartford Real Estate Board, voiced the opinion in reference to the labor problem that the public "will strike back at those who have been striking against it."

Mr. Randall contrasted the present status of labor unions who seek to dictate terms under which they will work by holding up the operation of the whole national economy, with the industrial and railroad monopolies which once sought to set the terms under which they would consent to do business. "Never did they attempt to use the naked power that the labor leaders are employing," he said.

"The American public," he continued, "is long-suffering and patient. It will take a certain amount of pushing around. But there is a point beyond which it will not be pushed."

Contending that the public will not tolerate any monopoly which attempts to enforce its power by coercion, Mr. Randall predicted that union labor is

likely to find itself "as tightly restricted and regulated as big corporations are today, because its leaders failed to turn back the pages of history and learn what happened to the industrial organizations that tried to dictate their terms to the American people."

Economically, he said, the greatest threat to the American way of life is another depression like the '30s. "Our economy can take the bumps in the road without much danger, but it cannot afford to risk another skid over the em-bankment." He predicted that business will follow much the same course over the next 10 years as it did after the first war, but said that many mistakes of the past are being avoided. Refusing to accept the inevitability of another severe depression, he predicted that after current readjustments have been completed, there will be a long stretch of busy and profitable years.

Francis H. Kelly Promoted

NEW YORK—Excess has appointed Francis H. Kelly assistant secretary. He joined the company in 1936 and since 1944 has been manager of the claim department. Before going with Excess, he was with the liquidation bureau of the New York department for five years. He is a graduate of Rochester university and St. Johns.

Kentuckian Displeased with New Auto Law

LOUISVILLE — In the letter to the editor column of a local newspaper the other day appeared the following from a critic of the new Kentucky automobile financial responsibility act that goes into effect Jan. 1:

—Who sponsored the law for the motorist to have to pay \$31 a year extra to drive a car or truck? I know insurance companies are behind it, but who put it over on us while our backs were turned? Already we were burdened with taxes on motor vehicles, then along comes some small time Hitler and tells us that we must pay to insurance companies a certain amount each year or forfeit our right to operate our own property. Sure I'll have to pay the \$31 and I'll also have to take that much away from my wife, my children and myself to pay it. Like many thousands of others I don't want to pay, but what can a man do who uses a truck to make a living except to render unto Caesar the taxes imposed.

Tuchbreiter Sounds Alarm on "Comp" Line

Roy Tuchbreiter, president of Continental Casualty, has sent a message to agents expressing a bearish outlook on the workmen's compensation line and reporting that Continental is proceeding to apply severe underwriting controls in this department particularly in respect of the small premium risk.

Especial significance will be attached to this pronouncement since Mr. Tuchbreiter was one of the first executives to call the turn on the deterioration of the automobile account and issued a warning some time ago that was generally regarded as being over-alar-mist. But what he had to say at that time has come about.

What Mr. Tuchbreiter terms the "old compensation problem" is recurring, he said. He recalled that for the seven year period ending in 1936 the casualty exhibit shows a compensation loss of 10.9% or \$83 million. Full employment at high wages created profitable results but there has been a succession of rate reductions and a diminution of profit. For instance the underwriting profit in 1945 was 2.9% as compared with 5.3 in 1943 and 6.8 in 1944. This year, he said the chances are it is a stand off, it is on a break even basis.

"One thing is certain—that even a moderate recession in full employment at high wages will inevitably bring about an underwriting loss; the more severe the recession the more severe the loss," he declared. "This development will be accelerated by recent rate reductions based upon past favorable experience, and . . . it takes a long time before unfavorable experience results in rate increases."

"If the automobile and burglary lines were not in such an unfortunate situation, there would be no occasion for special concern as to compensation, but because of the whole picture the probability of future underwriting loss on this major line becomes a matter of great concern to any conscientious management."

Mr. Tuchbreiter voiced the opinion that the correct procedure is promptly to face the facts and by careful, painstaking and intelligent action minimize the loss during the bad period and be prepared to undertake an aggressive building campaign when the tide turns.

The small premium compensation business, he said, because of the expense factor, is unprofitable to agent and company.

"I have advised our underwriting department that some radical action with reference to small premium business will have to be taken unless it is able by other corrective methods to accomplish the necessary objectives. This means, of course, that it must undertake an immediate review of all outstanding compensation business and give careful scrutiny to all new offerings."

In referring to the burglary record he pointed out that the casualty experience exhibit showed a profit of only .9% in 1945 as compared with 20.1 for 1943 and 10.3 in 1944.

Also he said the profit on liability other than auto has been slipping.

"The bad trend on these two lines is continuing. In our opinion the industry is confronted with an underwriting loss on burglary and theft and with a radical reduction in profit, or perhaps an actual future loss, on liability other than auto. Both of these lines have been consistent profit makers for many years. The reversal is largely due to the action of the companies themselves in liberalizing coverage and reducing rates. As to residence burglary, one major liberalization has been unsound and unnecessary."

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ACCIDENT AND HEALTH

Pay Philadelphia Hospitals More; May Increase Rates

Associated Hospital Service of Philadelphia, as an emergency measure, will increase its payments to hospitals until April 1, 1947. The new schedule will increase the total cost for Blue Cross subscribers' hospital care to approximately 87% of subscriber earned income. It is felt that this increased payment cannot be continued beyond April without a corresponding increase in subscriber rates. Such increase will have to be taken up with the Pennsylvania department.

It is stated that 42 Blue Cross plans have increased rates since August, 1945.

Federal Life & Casualty is holding the formal opening of its new home office at 3107 West Grand boulevard, Detroit, Dec. 20.

Massachusetts Indemnity is preparing to enter Utah, its application for license being in the hands of the insurance commissioner.

Expect Early Report on Cash Sickness Plans for Wash.

SEATTLE—The Washington state department of unemployment compensation will submit to Governor Wallgren within the next week its survey on the possible expansion of the unemployment compensation act to pay sick benefits to unemployed persons.

The completed survey, it is reported, states that the broad coverage under the law would require a payroll tax of 1½%. This would amount to about \$22½ to \$30 million and these funds would be earmarked for sickness or disability benefits. They would not be combined with the unemployment funds.

Still Seek Tax Reduction

It is believed the report will emphasize that the expanded coverage and additional taxes would not in any way interfere with present proposals to reduce the unemployment compensation tax against employers by approximately \$15 million annually. The net result, however, if the sickness tax were to be

levied against employers, would be to increase the levy against them from \$7½ million to \$15 million annually.

There is a possibility that an alternative plan will be suggested of levying tax against employees who are at present exempt entirely from any unemployment compensation tax. The proposal probably will be submitted merely on a fact-finding basis and no specific recommendation will be made. Strong opposition to expanding the act to cover sickness and accident benefits is anticipated.

North American Accident Honors 25-Year Employees

North American Accident of Chicago had a home office party the other day to honor 18 employees who had been with the organization for 25 years or more. Among these was President George Manzmann, who presided over the deliberations and presented each one a wrist watch. It was figured that these 18 people had given 555 years of service to the North American. When the late A. E. Forrest, who was head of the organization for many years, was in charge he had the knack of selecting people who stayed with the organization. After

they became members of his group he made it a point to develop good will and the desire to remain with the company.

Increase Benefits of New York Plan

Increased benefits, including higher payments toward doctor's fees for surgical and maternity care, will be granted members of United Medical Service of New York without increase in subscription costs for one year beginning Jan. 1. The increase entitles persons with family income of \$2,500 or less to complete coverage for surgical care and treatment, including periods of after-care.

The aggregate increase in payments covering surgical care will amount to approximately 22% with indemnities ranging as high as \$225 as against the present maximum of \$150.

Combined American Writes Life

Combined American of Dallas, a member of the group which includes Combined Mutual Casualty of Chicago and Combined Casualty of Des Moines, all headed by W. Clement Stone as president, is expanding its activities to include the life field as well as accident, health and hospitalization insurance. The company recently increased its capital from \$25,000 to \$125,000 and amended its charter so as to write all forms of life insurance as well as accident and health. It is taking steps to become licensed in several additional states.

It is featuring at the start the "combined protectors" policy, designed especially to attract buyers of small policies among employed persons and to facilitate development of life insurance salesmen among its accident and health agency personnel.

Party for Underprivileged

The Detroit Accident & Health Assn. sponsored a Christmas party Dec. 10 for a group of 100 underprivileged children. Chartered buses picked up the children at designated spots where social workers escorted them to the party.

A complete turkey dinner with all the trimmings was served, with gifts from Santa Claus and entertainment. It is the intention of the Detroit association to make this an annual affair.

Red Cross Man Speaker

SALT LAKE CITY—C. Ray Van-Leuven, manager of the Salt Lake City County Chapter of the American Red Cross, was guest speaker of the Utah Accident & Health Club. Dr. I. O. Horsfall of the University of Utah announced a two-weeks intensive course in A. & H. insurance beginning Feb. 3. The annual sales congress of the club was tentatively set for Jan. 18.

Report on Interstate Reserve

Assets of Interstate Reserve Life, an assessment legal reserve company of Chicago, at June 30, 1945, amounted to \$583,183 and unassigned funds were \$61,740, according to the report of an examination by the Illinois department. Liens and interest thereon total 50.6% of the assets and 61% of the policy equities of the affected members.

Examiners state that policyholders should be informed as to the "dollar" amount of the lien against their individual policy.

In the A. & H. department the principal business is secured on a monthly premium basis on the family group, hospital and doctors expense contract.

The life insurance business represents but a small portion of new premium income. Life insurance in force was \$4,252,262. Net A. & H. premiums written were \$22,569, losses paid were \$700.

Ternan St. Louis Speaker

Tom Ternan Jr., of Syracuse, temporarily attached to the production department, Fidelity & Deposit, as a sales specialist on the 3-D policy, spoke at a sales meeting in St. Louis on how this policy can and should be sold.



Knowledge is power.

To this end, Standard of Detroit maintains an insurance training school for employees and agents of the companies of the Group. In this school, the students receive a thorough training in the fundamentals and practices of underwriting, production, claim and other insurance functions, thus enlarging the opportunity of both agent and employee. Ask your Standard field man for the complete details of this training course or write the home office, Detroit 32, Michigan.

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Up 50%

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CHANGES

Travelers Makes 14 Changes in Casualty Field Force

Two promotions, seven appointments and five transfers have been made by Travelers.

James M. Roberts, field assistant at San Francisco, has been promoted to assistant manager in that city. Jerry J. Costello, field assistant, Hartford, has been promoted to assistant manager there. Seven men have been appointed field assistants. Willis H. Walker has been appointed field assistant at Toledo; Keith B. Klein has been appointed at Omaha; Warren J. Rutledge, III, at Dallas; Robert H. Cockerell at San Francisco; John E. Cadwallader at Cleveland; Graham L. Rogers at Washington, D. C.; and Donald L. Westfall at Detroit.

Five transfers were also announced. Robert P. Burns from Worcester to Boston; Lester W. Kelting from Philadelphia to San Francisco; Thomas C. Meeks from Philadelphia to St. Louis; John L. Swanson from St. Paul to Minneapolis; and J. Robert Murphy from Boston to Dallas.

Watt to Anchor Casualty

C. L. Watt has been appointed bond manager in Los Angeles of Anchor Casualty. He formerly was with the Royal-Liverpool group and National Automobile & Casualty.

Jobe Denver Manager

Elmer C. Jobe has been appointed Denver manager of Commercial Standard. He has been claims adjuster. He succeeds Dennis M. Raney, who has gone into the general agency business.

Payson to Fireman's Fund

Howard K. Payson has been appointed special agent of Fireman's Fund Indemnity at Los Angeles. Before joining the army he was payroll auditor and special agent for another company in southern California.

Promoted by Excess Underwriters

Excess Underwriters has appointed Martin T. Archer assistant secretary. Mr. Archer has been with the company for several years and was formerly with Security Mutual Casualty.

Carson to Great Central

Lester F. Carson, formerly state's attorney at Peoria, Ill., is leaving his law practice to become executive vice-president of Great Central Mutual there. He was with the company before entering the army, in which he served 30 months, 20 months overseas.

John W. Edgerton, who was with Brown Brothers, Harriman & Co., has joined the investment department of American Automobile in Chicago.

O. H. Beyer, bonding manager in the Los Angeles branch office of General Casualty, has resigned to enter a local agency there.

COMPANIES

Western Group's Premiums Up 50% for Nine Months

Western Casualty & Surety and Western Fire report an increase of 50% in premium writings with a combined total of \$6,637,000 the first nine months, with an underwriting loss of \$76,000 computed on the statutory basis after adding \$1,252,000 to unearned premium reserve.

Surplus of Western Casualty de-

clined \$179,000 after payment of dividends of \$125,000 and after reflecting a drop of \$162,000 in the valuation of securities owned.

Consolidated assets of the two companies are now \$10,886,000, an increase of \$1,157,000 over a year ago.

Directors of Western Insurance Securities Co., holding company of the group, have declared a dividend of 25 cents per share on Class A stock, payable Feb. 1, 1947, to stock of record Jan. 20, the first dividend on this stock since 1931. This stock is cumulative at the rate of \$2.50 per year and after the payment of this dividend arrearages will stand at \$38.50 per share. Accumula-

tions on the first preferred stock were paid in full Oct. 1.

New Standard Accident Directors

Three new directors have been elected by Standard Accident. They are Dale E. Sharp, vice-president Guaranty Trust Co., New York; John S. Coleman, president Burroughs Adding Machine Co., and Ben R. Marsh, vice-president and general manager Michigan Bell Telephone Co.

Travelers Home Office Changes

Promotions of three of the home office staff and a transfer were announced by

Travelers, to become effective immediately.

William A. Smith has been appointed assistant purchasing agent, Lewis E. Herter is now assistant superintendent of the supply department, and Dr. Nemo D. Gaines has been named assistant surgical director. Thomas F. Maher, formerly assistant cashier at Brooklyn, has been appointed supervisor in the home office comptroller's department.

Commissioner Garrison has authorized Colonial of Los Angeles to issue a certificate of contribution for \$12,242 to the McNabb General Agency, the fourth of the kind.



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SURETY

Nominate MacKay to Head Surety Group

James R. MacKay, Fireman's Fund Indemnity, has been nominated for president of the Surety Assn. of Seattle. He will succeed Werner Dietz, John A. Whalley & Co., at the annual meeting to be held in January. Robert E. Moloney, Groninger & Co., has been nominated for vice-president, and Gerald L. Perry, Hartford Accident, has been nominated for reelection as secretary-treasurer. The executive committee will include the new officers, J. C. McCollister, McCollister & Co.; A. O. Stuber, Massachusetts Bonding, and Mr. Dietz.

P.A.S. Rogers Nominated to Head N. J. Surety Men

NEWARK—The slate of officers nominated for election at the next meeting of the Surety Underwriters Assn. of New Jersey is P. A. S. Rogers of U. S. F. & G. for president, L. P. Hodgman of the Employers group for vice-president, and R. C. Reeder, Jr., of Travelers for secretary, all of Newark. The group is considering the adoption of a new constitution.

Nickel Case Spurs Insured

Indicative of the effect on insured of the Mergenthaler company's Nickel case, one New Jersey company has increased its coverage to a \$100,000 blanket bond with \$75,000 excess coverage. The firm's previous coverage was a \$2,500 blanket bond and about \$6,000 excess.

Discuss Loaning Agency Bonds

LOS ANGELES—A subcommittee of the Surety Underwriters Assn. of South-

ern California made an interim report on clauses to be used in contract bonds involving loaning agencies as obligees, and after some discussion the matter was referred back to the committee for further study and report. The so-called Los Angeles clause formerly in general use did not meet the views of some of the loaning institutions and substitute clauses are the ones now being considered.

Rates for bonds for self-insurers under the so-called unemployment disability benefit law were discussed, but no action was taken.

Combination Residence Policy Rate Boost Asked

NEW YORK—The National Bureau is understood to be seeking an increase in rates on its combination residence policy in New York state, chiefly because of the extremely heavy loss ratios under the water damage provision. This type of damage is attributed to the continued use of old piping that would have been replaced if materials had been available. The high cost of plumbing work has also been a factor in the water damage loss ratio.

Would Require Plane Cover

MINNEAPOLIS—Resident owners of non-commercial aircraft in Minnesota should be required to carry public liability insurance, the Hennepin County Bar Assn. believes. It probably will recommend such a law to the next legislature.

Another bill approved by the association would authorize legal process service upon the state commissioner of aeronautics in behalf of non-resident owners and operators of aircraft.

The Southern California chapter, California Insurance Auditors Assn., will hold its Christmas dinner in Los Angeles Dec. 12.

COMPENSATION

Second Injury Fund Plan Is Proposed in Nebraska

LINCOLN, NEB. — Legislation to provide a "second injury" fund in the state compensation law will be proposed by the Lincoln Council of Veterans Affairs.

The decision was made after L. M. Olsen, presiding judge of the state compensation court, said "employers are not liable for disabilities that existed prior to employment."

Fund to Come from Taxes

"If an employee comes to an employer for a job," Judge Olsen added, "the employer should not feel he should be liable for total disability as the result of a second injury. Too many employers hesitate to employ a handicapped veteran because of this misunderstanding."

The proposed legislation would not place the burden of total compensation for life on the employer in case of a second injury but the funds would come out of taxes.

Minn. Industrial Commission Asks Benefit Increases

ST. PAUL—A flat increase of 25% for dismemberments in industrial accidents is suggested by the state industrial commission in its report to the legislature. Similar recommendations have been made by organized labor.

A schedule showing Minnesota lagging behind other states in allowances for industrial accidents is contained in the report. The commission says weekly maximum payments will have to be increased \$3 if the principle that injured workers are entitled to two-thirds their regular wage is carried out. Labor is asking that the maximum be increased

from \$24 to \$30 while the commission would put it half way between, or \$27.

Other increases suggested are a top of \$10,125 on payments to widows against the present \$7,500, and \$12,500 for total disability against \$10,000. It also asks for elimination of a special maximum of \$2,400 for persons suffering from silicosis as against \$7,500 for other diseases.

A newspaper poll of members of the legislature showed a large number favor an increase in the compensation benefits while a dozen came out squarely against the proposal.

PERSONALS

For business reasons, A. Herbert Nelson, Minnesota manager of Business Men's Assurance, has declined the appointment of secretary to Luther Youngdahl, incoming governor. He notified Judge Youngdahl that his business makes it inadvisable for him to accept a full-time state appointment at this time.

Edwin F. Deicke, president of Suburban Casualty and Pioneer Fire, Wheaton, Ill., has been elected president of Memorial Hospital of Du Page County, Elmhurst, Ill., to fill the vacancy caused by the death of Ira Stone. Mr. Deicke, formerly treasurer of the hospital, will be succeeded in that office by Walter Schaefer. Mr. Deicke has been a trustee of the hospital for 15 years.

Clara A. MacCubbin, administrative assistant at the head office of U. S. F. & G., is now home from John Hopkins hospital.

D. J. Wellenkamp, assistant secretary and director of publications of Washington National, Evanston, Ill., has been elevated from vice-president to president of the Kiwanis Club of Evanston, Ill. He succeeds Thomas E. Boswell, real estate and insurance agent. Mr.

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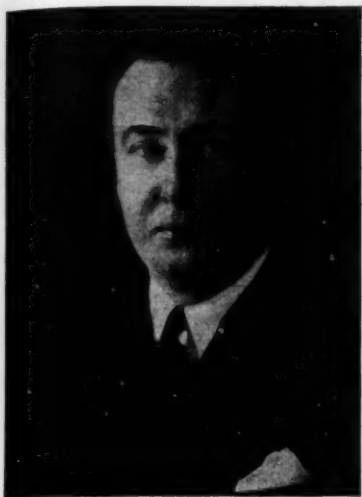
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Edward King, the new president of Hooper-Holmes Bureau, succeeds in



EDWARD KING

that office his father, John J. King, who now assumes the position of board chairman.

Case Now the Active Head: MacIntosh Joins Burrill

George G. MacIntosh has resigned as vice-president of Northwestern of Seattle to become affiliated with C. F. Burrill who is underwriting manager for Northwestern's A. & H. division for Washington, Oregon and Idaho.

Active management of the company is now in the hands of Austin F. Case, president, who has moved to the new home offices in the Dexter Horton building. Previously, he had his law offices in the Henry building.

Mr. MacIntosh started in insurance 25 years ago at New York. He went with Fireman's Fund at San Francisco in 1932 as assistant secretary and in 1943 moved to Tacoma to go with United Pacific. In 1945, he became associated with Mr. Case in the formation of Northwestern.

Started at San Francisco

Mr. Burrill started as an A. & H. producer at San Francisco. Ten years ago, he became Seattle industrial manager for John Hancock Mutual. He resigned to join Northwestern Life's A. & H. division several years ago and more recently took a contract as underwriting manager of the A. & H. division of Northwestern, an affiliate of Northwestern Life.

Ark. Hotel Fire Suit

HOT SPRINGS, ARK.—Survivors of John Baima, one of the three who lost their lives in the Great Northern Hotel fire here Sept. 13, have filed suit for \$50,000 against owners and operators of the hotel. The defendants are: T. S. Ford, hotel operator, and C. S. Williamson, trustee; Esther Williamson, Etma W. Powers and Mary Frances Relyea, owner of the building.

It is understood that the liability coverage for the owners was written by Employers Liability, and that the hotel operator had coverage with Standard Accident.

The complaint charges that the hotel was a "rundown and decrepit building more than 52 years old, which had no exit from the upper floors except by a single frame stairway winding around the elevator." It charges that the elevator had no regular operator and that the single fire escape's entrances were blocked by rubbish and housing paraphernalia.

West American of Los Angeles, has been licensed in Iowa.

Jan. 15 to Be 1947 Deadline for Blanks Change Suggestions

NEW YORK—The blanks committee of the National Assn. of Insurance Commissioners, at its pre-convention meeting Sunday afternoon, authorized the blanks committee's subcommittee No. 2, headed by Allyn of Connecticut, to set a deadline for 1947 suggestions for changes in the annual statement blank. Next year presents a special situation, since the subcommittee has recommended that Jan. 1 rather than Mar. 15, as heretofore, be the final date for submitting suggestions.

This was done at the companies' request, but as Bruce E. Shepherd, manager of the Life Insurance Assn. of America, pointed out to the executive committee, this leaves a very short time in which to submit suggestions. He suggested that for 1947 the deadline be set at Feb. 1. However, in view of the desirability of having as much time as possible for the consideration of changes suggested, the blanks committee on Monday set the date for 1947 at Jan. 15.

Dressel of Ohio reported that he had talked with A. F. Whitney, head of the Brotherhood of Railway Trainmen, about the loss of insurance by yardmasters in the union who refused to go on strike last spring and were expelled with loss of their union insurance protection. This was the subject of a resolution adopted by the N.A.I.C. executive committee in Syracuse last September at the request of Kavanaugh of Colorado.

Mr. Dressel said Mr. Whitney agreed to reinstate the expelled yardmasters as respects the insurance division only, which would mean that they would not lose their insurance. They are to remit direct to the union headquarters their premiums and their cash value checks tendered then following their expulsion from the union. All will be reinstated, whether they made protest or not.

Salary Schedule Controversy

The blanks committee, of which W. A. Robinson, actuary of the Ohio department, is chairman, recommended that the proposals made by C. G. Vander Feen, comptroller of National Surety, on behalf of the Assn. of Casualty & Surety Executives, be placed on the agenda of the executive committee meeting due to be held in April. These proposals are for the continuation of certain war-time simplifications.

They would eliminate Schedule L, listing salaries of officers and directors amounting to more than \$5,000; require the citation of only the Dec. 31 bank balance, instead of by months, and reprint the schedule in perpendicular form; and simplify Schedule T. At its April meeting the blanks committee will consider simplification of Schedules N (covering bank balances) and T, both of which appear in the fire and casualty statements, but will refer any decision on the elimination of Schedule L to the executive committee.

The committee also set Jan. 15 as the deadline for filing suggested changes in the blank for 1947, instead of the Jan. 1 deadline to be used in subsequent years. This was done because there would otherwise be so little time in which to prepare suggestions. Feb. 15 will be the date by which the committee secretary will send suggestions to committee members.

Continental Casualty Move Is Nearly Completed

Continental Casualty has just about completed the removal of its offices from 910 South Michigan avenue, Chicago, to the Continental Companies building at 310 South Michigan avenue. Over the weekend the surety department was moved. This weekend the liability and claims departments will be transferred and that will leave only the filing and supply departments at the old location.

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Buyers Group Establishes Records in Important Chicago Meeting

(CONTINUED FROM PAGE 17)

any work stoppage, large or small. These discussions and thorough follow-ups have prevented serious shutdowns, Mr. McGuckin said. This is all the more important since it is estimated that 40% of the smaller plants are never rebuilt after a fire.

New Gases Dangerous

In answer to a question, Mr. McGuckin said that propane and butane are much more hazardous than artificial gas because they are heavier than air. There is a new and serious problem in the growing use of acetylene for welding and similar purposes and also in the new popularity of liquefied petroleum gases. Employee smoking, he said, in answer to another question, is the most serious hazard in fire prevention. It can be met, however, by provisions in contracts with unions. Labor leaders, when the danger is pointed out, are invariably cooperative on this point. He said his company has a clause in its union contract providing that an employee shall be laid off for one day the first time he is caught smoking

in prohibited areas, three days the second time and dismissed the third time.

Mr. McGuckin was asked what official or department should control fire prevention work. He said this depends upon the setup of the industry, but it should be a high official, since the fire prevention manager must have authority to back him up. Mr. McGuckin said that if the insurance department controls installation of equipment and construction of buildings, it is the ideal spot for fire prevention activities, but if it does not, the fire prevention department should be under the wing of whatever officer is the ultimate authority on these matters.

P. M. Chiuminatto, Green Bay, Wis., secretary Hoberg Paper Mills, was in the chair at the Friday morning session. Mr. Gallagher gave his postponed talk which is reported elsewhere in THE NATIONAL UNDERWRITER, and the other speakers were L. E. Eldridge, Philadelphia, insurance manager of Collins & Aikman Corp., who discussed today's problems in crime insurance and B. E.

Kelley, New York, Ebasco Services, who discussed operating under use and occupancy insurance.

The final session was a discussion on insurable values, replacements, and loss adjustment, with J. J. Ward, Chicago, vice-president Coats & Burchard, speaking from an appraiser's viewpoint and R. M. Beatty, Chicago, executive general adjuster Western Adjustment, speaking for the adjuster. R. L. Jacobus, Chicago, insurance manager of Montgomery Ward & Co., was chairman.

There was considerable interest in the methods of establishing values on property formerly owned by the government. Mr. Ward said that during the war the varying insurance requirements of the different government offices were a real problem, but this is passing now, with the government either withdrawing its property or corporations acquiring title to it. In many cases the replacement cost of the property can be ascertained. If not, he said his experience is that the normal replacement cost of government built plants is about 70% of the cost to the government under emergency war conditions. On the other hand, the replacement cost of equipment, particularly that bought early in the war, is now from 25% to 30% more than what the government paid. Since most property has been bought from the government at about 70% of cost, at least 50% should be added to this price to determine its insurable value.

Insufficient Cover

Mr. Beatty startled his audience with the statement that the experience of his organization indicates that during the last five years at least 50% of the losses handled were either seriously underinsured or involved a serious coinsurance penalty. Another 25% had coinsurance penalties, but of a less serious extent. In the discussion which followed this statement, Mr. Beatty said that, while these figures had materially increased since 1940, even in prewar times and in periods of declining values, coinsurance reduced the settlement of losses in a material number of cases.

In answer to a question from the floor as to whether this was not a reflection on insurance agents and underwriters, Mr. Jacobus emphasized that an insurance buyer cannot evade his responsibility for determining his own values. Mr. Beatty remarked that if insurance companies undertook the responsibility of appraising all insured property regularly, the cost would be so high that the fire insurance companies would have to go out of business. Mr. Jacobus suggested carrying full insurance to value, with an 80% or 90% coinsurance clause, thus giving the industry some play in values, as a means of avoiding coinsurance penalties. Mr. Ward said that he has advised clients to do approximately the same thing, but to recheck every year.

Expectancy and Maintenance

Asked about the useful life expectancy of boilers, Mr. Ward said that the average boiler should last 20 years and turbo-generators 30 years. Some steam driven generators have been used for 50 years, but obsolescence sets in sharply after 30 years. In answer to another question about hard use affecting values, Mr. Ward said that this is true of most equipment, but the maintenance work done during the war has caused many plants, despite the hard use during the past five years, to be in better shape than they were 10 years ago.

In a discussion about depreciation Mr. Beatty pointed out that it should be applied in fire insurance losses only when the repair or replacement enhances the value of the insured property. He said that there are many cases when repairs are made after small losses without the value of the building or machinery being increased at all and in such cases no depreciation should be taken.

B. E. Kelley of Ebasco Services, New York, in his address advocated that ordinarily a semi-annual check up be made on requirements of use and occu-

pancy insurance although "under today's conditions a check up should be made not less than quarterly and perhaps more often."

U. & O. FEATURE

He said immediate consideration of the revision of U. & O. coverage should be given when gross profits are noted to be rising. When profit is falling, he said, it is not so essential the same consideration be given "because the only penalty involved is a slight excess premium which would be paid between the date when the condition is noted and the next periodical check up."

Mr. Kelley made his statement in "layman's language" in answers to questions submitted in advance.

Despite seeming uncertainties surrounding settlements of use and occupancy claims, he declared, "the fact

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remains that there are very few law suits and as a result the law on use and occupancy insurance is confined only to a few decisions which have been rendered throughout the 60 or 70 years that use and occupancy has been written. The adjustment of use and occupancy is, as a rule, a very simple matter providing the assured maintains a proper set of books and is as reasonable in the adjustment of U. & O. loss as he would be in the adjustment of any other loss.

Effect of Increased Costs

Increased cost of materials and supplies do not necessarily have any effect on the amount of use and occupancy coverage needed even when it decidedly affects the amount of direct damage insurance required. If the cost of raw materials of a product increases but sales price is not raised, profit would be less and the amount of U. & O. insurance could be reduced. On the other hand, increased selling prices resulting from general inflation would tend to offset increased production costs and no change in coverage may be needed.

Companies which have policies that provide for collection of claims without time limits should increase the amount of insurance to cover the use and occupancy value of the maximum period the company could suffer suspended operations.

Companies with policies in which collection is limited to only 12 months should extend the period for such additional time they assume may be required to resume normal operation after either partial or total loss and should increase the amount of insurance accordingly.

Says Loss Ratio Is 40

Companies whose production is not uniform unit-wise in terms of value should not attempt to calculate claims by multiplying the number of hours of production by the value of the units produced per man hour. Such a procedure might result in recovery of a lesser amount than the company is en-

titled to or the insurer might be placed in a position of paying for more than the amount actually lost.

Mr. Kelley estimated that the U. & O. loss ratio over the past five years has been about 40.

In answer to a question he said that maintenance and repair costs should be included in the computation of U. & O. values on the theory that if it is assumed that these expenses would have been earned had the concern been in operation, they would be added to profits if not expended for that purpose. This answer drew some conflicting opinions in the discussion.

Mr. Kelley recommended that all claims should be filed as they occur rather than waiting to accumulate several. It might be desirable, however, to agree that the insurer should not remit until the losses had reached an agreed sum.

On a show of hands it was indicated that the number carrying fire U. & O. is about five times the number that carry boiler U. & O.

CRIME INSURANCE

Lewis E. Eldridge, insurance manager for Collins & Aikman Corp., Philadelphia, speaking on "Today's Problems in Crime Insurance," said that insurance companies have found the largest losses are committed by inside employees, but the largest number of losses are caused by outside employees such as salesmen, collectors, messengers, and drivers. Cashiers are responsible for 4% of all losses, representing 11% of the amounts paid in claims, and managers for 10%, representing 23% of amounts paid. Presidents were responsible for less than 1% of all losses, but claims represent 10% of amounts paid, while salesmen account for 50% of all losses, representing 23%.

With these facts, it is imperative that buyers give careful consideration to their crime insurance coverage, Mr. Eldridge declared.

"Talk to your comptroller to determine if your business has changed, spread out or increased in volume. Accounting systems and control methods are often inadequate for the prevention of dishonest acts by employees, no matter how suitable they may be for the conduct of the particular business," he recommended. "Buy the highest limits that you can secure commensurate with good business and 'talk turkey' with your insurance company on the premium cost. The blanket crime policy offers many advantages. It automatically insures all locations and furnishes a single limit of liability, and if purchased in the highest limit, relieves the insured of the constant worry of fluctuating values."

Ask Liberalized "Comp" Laws

WASHINGTON — Expanded workmen's compensation coverage, increased payments and extension of benefits for total disability, death and medical care, establishment of second injury funds in 14 more states, and other liberalization of compensation laws, were urged by the committee on safety and health and workmen's compensation in a report to the national conference on labor legislation, which was approved by that body.

The report stated that after more than 30 years, 50% of the wage earners are still completely unprotected. The present scale of benefits does not reach even a subsistence level under present living costs.

At first benefits were based on a percentage of wages ranging from 50 to 66 2/3%. States have failed to increase weekly compensation to correspond with the increase of wages and cost of living. In lengthy disability, present compensation amounts to only about half the purchasing power of 10 years ago.

The committee urges coverage of all workers under compensation laws, with

the exception of railroad workers now covered by the federal employers' liability act; the raising of maximum limits of weekly payments to two-thirds of the regular wage income; the removal of fixed statutory limits on the amount of total payments in case of permanent total disability, so that benefits will be paid for life; death benefits to be paid to the widow during widowhood and to dependent children until they reach 18, with no statutory limit on total payments; unlimited medical benefits.

Provisions requiring payment of double compensation to injured minors illegally employed are recommended.

The extra compensation should be paid by the employer, with liability of the insurer limited to the ordinary compensation.

Would Renew Mich. Cover

LANSING, MICH. — The finance committee of the Michigan state administrative board has recommended renewal of Michigan Mutual Liability's coverage of the state's motor fleet for public liability and property damage. Its bid was \$20,349, covering 2,446 vehicles for \$25,000/\$100,000 P.L. and \$5,000 P.D.

An Important Safeguard
IN YOUR BUILDING PLANS



PLANNING a factory, office building, warehouse, hotel, theatre, hospital, clubhouse, a large residence, or some other project? If you are, then you are doubtless aware of the difficulties caused by scarcities, priorities and strikes. But are you mindful of the other risks of non-completion or loss, such as a contractor's possible default, or failure to pay for labor and materials? There's an inexpensive safeguard against these threats of loss and that's our new, simplified CONTRACT PERFORMANCE and PAYMENT Bonds. Under the new and broader CONTRACT PERFORMANCE BOND, if your contractor defaults others will be brought in to complete the job and, if necessary, funds will be made available for this purpose. Under the new PAYMENT BOND, if your contractor fails to pay for labor and materials, funds will be made available for this purpose.

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Our November and December general business magazine advertising emphasizes the importance of our new PERFORMANCE and PAYMENT BONDS in guaranteeing successful completion of contracts for builders. These improved forms should find a ready market today among owners and architects who already have enough worries with other troubles such as scarcities, priorities and strikes. Why not advise them to include in their specifications a requirement for these new and broader forms?

Prospects for this desirable new business include all those planning factories, office buildings, warehouses, hotels, theatres, hospitals, clubhouses, and large residences.

The greatest building program in the country's history is slowly but surely getting underway. You, as a producer, have a real opportunity not only to write these new bond forms, but also Liability, Workmen's Compensation, and Contractors' Equipment Floaters. For cooperative assistance in developing this new business, simply address our Agency & Production Department.



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President

Pre-Convention Spadework

(CONTINUED FROM PAGE 18)

nature, while the all-industry committee thought it was sufficient to have a law covering concerted actions only.

The draft bill, including the changes added by the N.A.I.C. committee, provides that no one shall engage in unfair methods of competition or in unfair or deceptive acts and practices in the conduct of the business of insurance. It

goes on to list these proscribed practices as misrepresentations and false advertising of policy contracts; false information and advertising generally; disseminating a defamatory statement about other insurers which is false or maliciously critical, imputes financial weakness to an insurer, or is calculated to injure any person in the insurance business; agreements to boycott, coerce or intimidate, or such acts themselves, tending to result in unreasonable restraint of trade or a monopoly in the insurance business; issuing false financial statements or making false entries in books with intent to deceive examiners; issu-

ance of stock or benefit certificates or shares in any common-law corporation or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insure; unfair discrimination among similar types of risks; rebating any part of the premium on life, annuity, or accident and health insurance.

Offenses in Two Classes

Where the commissioner determines after notice and hearing that there has been a violation of any of the listed offenses he may issue a cease and desist order, which is subject to appeal to the courts. If the commissioner has reason to believe unfair practices are being engaged in other than those enumerated he may, after notice and hearing ask the state attorney-general to seek an injunction and the court shall have power to restrain the practice complained of.

Two considerations influenced the N.A.I.C. committee to consider the more circuitous procedure for unenumerated unfair and deceptive practices: first, regulatory authorities through their years of experience should be familiar with these practices and they should be specified in the law, thereby letting those subject to it know what they may not do. Second, although the history of insurance legislation goes back to 1807 no state, up to now, has found it necessary to create a state counterpart of the federal trade commission act or to entrust to state regulatory officials the specific power contained in the bill under discussion. The committee felt

that state regulation is about to enter into a new and broader regulatory field and that it should seek an enlargement of procedural authority only as its need is demonstrated.

No Action on Moser Amendment

The Harrington committee report included as an appendix the proposed amendment to the model rating bills which the all-industry committee adopted by a majority vote. This was based on the ideas of Henry Moser, counsel of Allstate, advanced on behalf of the National Assn. of Independent Insurers. The N.A.I.C. committee stated in its report that it had given careful consideration to the proposed amendments "but time did not permit sufficient discussion to enable the members of this committee to reach a final conclusion and for that reason no action was taken by this committee upon the proposals."

Moser Amendment Described

The Moser amendment changes the bills so that insurers need not file supporting data at the time for filing rates but if the commissioner requests such data they may be based on either the insurers' own experience, the figures of a rating bureau, not necessarily one to which an insurer belongs, judgment, or other credible information. The commissioner would be obliged to accept the filing if it meets the standards of the act but he would be the judge of whether the supporting data meets the act's requirements.

The Moser amendment is incorporated in the Pennsylvania all-industry bill.

FILE 685 VOLUNTARY PLANS

(CONTINUED FROM PAGE 18)

obtained both from the department of employment and the department of insurance.

GENERAL ELECTRIC LEANS TOWARD VOLUNTARY PLAN

Much of the talk on trends in social insurance by A. D. Marshall, Schenectady, assistant secretary General Electric Co. at the meeting of the insurance division of the American Management Assn. in Chicago last week was devoted to situations confronting industries because of new and proposed state health, disability and hospitalization funds.

Both in his prepared talk and in questions which followed, Mr. Marshall discussed in some detail the new California law which went into effect this month. He said that General Electric has not

decided yet whether it will attempt to qualify a voluntary plan of its own, under the option in California, but that his company generally leans towards doing this.

Salaried Employees' Position

An important consideration, both in the California law and in other actual and proposed legislation, Mr. Marshall said, is that most state funds do not pay benefits to salaried employees whose salaries are continued during a period of disability, although these employees are required to pay taxes. This is an important reason why voluntary industry plans make for more employee good-will, he said.

In a discussion on hospitalization insurance, Mr. Marshall said that local hospital plans are extremely desirable but every firm should watch for wives and other dependents of employees who may have double insurance through hospital plans of their own employers. He told of one case which came to his attention in which the wife of a General Electric employee made a net "profit" of \$3 per day by going to a hospital and participating in two plans.

Cut Public Official Rates

MINNEAPOLIS — Public official bond rates for city, town and village treasurers in Minnesota have been reduced. The experience it is understood, has been favorable in the state and the non-bureau companies have been very competitive in their quotations.

Instead of \$10 per thousand, the new rate is \$7.50 on bonds up to \$25,000 and the minimum premium is \$7.50. For amounts between \$25,000 and \$50,000 the rate is \$6 per thousand instead of \$8 and for amounts between \$50,000 and \$100,000 the new rate is \$4.50 instead of \$6.

On bonds over \$100,000, "apply to bureau." Heretofore, the rate on amounts in excess of \$100,000 was \$5 per thousand.

The Casualty Insurance Adjusters Assn. of Southern California held its Christmas dinner dance at Los Angeles with more than 350 in attendance.

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OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

McFall and Dorsett Appeal in Tandem for Model Bills at Arkansas Rally

(CONTINUED FROM PAGE 18)

the risk of crippling a whole industry for the sake of an illusory benefit to a few, or whether you will give your wholehearted support to the program which the majority sincerely believes is the only safe course to follow. Those who clamor for state supervision and advocate a system of inadequate state rating laws are attempting to ride two horses running in opposite directions."

DORSETT APPEAL

Mr. Dorsett, in his speech, said that the committee members don't claim perfection for the model bills. Experience gained following their enactment, he said, may well show where and how they can be improved by amendments. As sound bases for enactments within the time limit provided by Congress, however, the speaker declared, they provide a pattern of regulation which will be in the public interest, meet the test of public law 15, and properly recognize the problems of the various segments of the industry.

"The bills are honest, fairly conceived, and skillfully drawn. They deserve your support," he asserted.

Mr. Dorsett referred to the fact that E. W. Sawyer is advocating what he terms "minimum" regulation.

The drafters of the model bills, of course, were not striving to achieve a "maximum" or a "minimum" degree of regulation, Mr. Dorsett said. "They set their sights on drafting a bill which would be in the public interest and meet the impact of public law 15."

Mr. Sawyer's proposal, he declared, does not give the commissioner any time to determine whether a filing meets the standards of the act and does not give him any information to aid him in determining whether the filing meets the standards of the act. "I hope that at this critical period in our business we are not predicating our future on such a weak foundation. If we do, there is no need to prophesy the outcome."

One of the main purposes of the waiting period provision in the model bills is to eliminate the possibility of rates going into effect which do not meet the standards of the act. Under the Sawyer proposal, with no opportunity afforded the commissioner to examine filings before they become effective, the public has no protection against the possibility of being charged a premium rate which did not meet the standards on the day it was filed, Mr. Dorsett asserted.

The waiting period also prevents the so-called in-and-out or flash filing. Such filings are deleterious to the business and are not in the public interest, the speaker said.

Double Standard Proposal

Mr. Dorsett referred to the double-standard proposal which regulates only bureau companies and permits independents to charge any rate they see fit. It is generally conceded that collaboration in rate making serves a useful function and is in the public interest, he said. Hence it makes sense to provide a pattern under which bureau operation can survive.

He also took up the favorite scheme of the Justice Department for a statistical bureau to develop pure premiums, with each insurer adding its own loading.

"The danger of running afoul of the Sherman Act is not the only difficulty with this plan," Mr. Dorsett said. "A rating law which would provide means of dealing with rating practices violative of the federal trade commission act and the Robinson-Patman act would still appear to be necessary. Or is it contemplated that in this respect industry will be policed by the FTC? It is our considered opinion that such a

statistical plan would open the door to complete federal control.

"Then there is the Rhode Island plan which requires filing of rates but permits carriers to use any rate not in excess of the filed rates. In effect, it sets up a maximum or ceiling rate but carriers can use any rate below their filed maximum or ceiling rate. Both the double standard proposal and the Rhode Island plan may fail to protect the public from practices which are violative of the FTC act and the Robinson-Patman act," he declared.

One provision in the Rhode Island plan permits any carrier to use the rate used by any other carrier so long as its financial stability is not jeopardized. Then there is a provision permitting a non-participating company to use the same net rate (initial rate less average dividend) in effect for a participating company provided its financial stability is not impaired.

These provisions, he said, encourage unfair discrimination in that they do not contemplate that the rate of the other carrier will be used except when required by the competitive situation. They are completely inconsistent with the ordinary conception of fair competition in that they permit selling below cost for the purpose of destroying competition.

Under the model bills any rate can be used so long as the rate or rating plan is filed and meets the requirements. Mr. Dorsett outlined the ways in which he contended independent operations are safeguarded.

None of the drafters of the bills, either commissioners or industry representatives believe that the measures give the commissioner power to fix commissions or to determine the amount of any other expense disbursements.

Freedom to Contract

The suggestion of a provision expressly preserving the insurers' freedom to contract with producers and others was rejected largely because it was felt that it introduced and spotlighted an issue which did not really exist.

The charge that the bills will give participating insurers a preferred position, Mr. Dorsett said, is based on the assumption that rating laws favor participating companies. "As the respective costs of doing business of stock and mutual companies tend to approach each other, then the great benefits from the services of the American agency system come into play and the so-called advantage or preferred position of the mutuals disappears. Statistics will support this analysis," he declared.

Mr. Dorsett cited provisions of the legislation which he predicted will enable non-par companies to compete for large individual risks.

The language, he said, gives the widest latitude for the development of flexible rating plans which will be in accord with the standard of unfair discrimination. "If producers and companies can formulate such plans, and we believe they can, and if we can succeed in securing their approval by supervisory officials and our experience under rating laws enacted in 1945 indicates this can be done, then we believe that non-participating companies will be able to compete successfully with other types of carriers for the larger risks."

Urges Accident Prevention Course

Knowledge of accident prevention is as important to the engineer as basic sciences and mathematics, John V. Grimaldi, research engineer of the National Conservation Bureau, said in a speech before the annual conference of the American Society of Mechanical Engineers. He stressed the importance of teaching the fundamentals of accident prevention in college engineering courses.

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INSURANCE NEWS BY SECTIONS

IN THE SOUTHERN STATES

Arkansas Forms and Rules Revised

LITTLE ROCK—The dwelling and contents form of the Arkansas Fire Prevention Bureau has been revised to omit the safe flue warranty and the 1/12th limitation on recovery under the rental value item. Both these features had been severely criticized by resolutions of the Little Rock, Fort Smith and Pine Bluff boards.

A new sprinklered risk form has a large blank space for description and incorporates watch, clock and sprinkler warranties, 90% contribution clause and extended coverage endorsement. This form was first suggested by the fire forms committee of the Arkansas Assn. of Insurance Agents.

An additional extended coverage form, No. 753, for use on industrial and manufacturing plants, excludes "cloth awnings, signs, metal smokestacks, temporary or board roof additions." There is a charge for these items in rates on industrial and manufacturing plants. This exclusion was dropped from the extended large form for dwellings in the last revision.

The bureau also announced a number of rule changes. Sales value and market value clauses are being placed in the rule book so agents will have access to correct and approved wording, although they will not be printed as forms.

Langley Mill Loss Estimate Is Cut to \$2½ Million

Loss estimate on the cotton mill at Langley, S. C., of Merchants & Manufacturers Corp., that burned after being struck by lightning last June is now carried by the factory mutual companies at \$2½ million. At first the estimate was \$4 million. The fire got out of bounds because the sprinkler system was shut off for reasons that have never been firmly established.

Va. Regionals Well Attended

Regional meetings sponsored by the Virginia Assn. of Insurance Agents were held Dec. 3, 4 and 5 at Newport News, Norfolk and Petersburg. All were well attended, according to Col. J. Earle Dunford, manager, and much interest displayed. These were the last meetings for this year. Schedules for additional meetings will be announced later.

"No More Busts" Pledge May Win More Wis. Examiners

MADISON, WIS. — Commissioner Duel, at a budget hearing conducted by Governor Goodland, complained that the department lacks funds to employ men to do a satisfactory job of examining insurers. He asked for an increase of \$82,378 in his appropriation. He said 25 Wisconsin insurers have not been examined in 40 years because of lack of manpower. He cited three bankruptcies of mutual insurance companies which had resulted in a total loss to policyholders of \$1,470,000 and said these companies had not been examined for seven years prior to their failures.

"If we are going to have government, let's have good government," Goodland declared. "If I give you 10 more examiners will you guarantee no more busts?" Mr. Duel replied that he would.

Mr. Duel claimed that the legislature had ignored his protests against permitting insurers to start in business with only \$100,000 funds. He also complained that department employees who handle large sums in securities are not bonded.

To Resume Texas Educational Rallies

The one-day casualty and surety educational meetings of the Texas Assn. of Insurance Agents, discontinued during the war, will be resumed in January, according to Will M. Keller of Palestine, president. The meeting for north Texas will be in Dallas Jan. 23, and the south Texas meeting in Houston, Jan. 24. These will be informative programs, with no entertainment. No registration fees will be charged. Recognized authorities will discuss each casualty and surety subject, with round table discussions and questions from the floor.

The meetings will be sponsored and conducted jointly by the casualty committee, of which Hollis Danvers, Houston, is chairman, and the fidelity and surety committee, of which Travis D. Bailey, San Antonio, is chairman.

The casualty committee includes Willard Crotty, C.P.C.U., Dallas, and Benton King, Amarillo. The fidelity and surety committee includes Geo. E. Byrne, Marshall, and Leroy Lain, Corpus Christi.

Pick Up 25 Members on Way to Oklahoma Regional

OKLAHOMA CITY—Recruiting in towns through which they passed en route to the regional meeting of the Oklahoma Assn. of Insurance Agents at Stillwater, members added 25 names to the association roster.

The regional was attended by 40 agents who heard Dave R. McKown, Oklahoma City, chairman of the legislative committee, discuss the agents qualification law. Other speakers were Guy M. Landes, Tulsa, who spoke on P.L. 15, and Guy L. Smith, complaint department of Maryland Casualty, Oklahoma City, who treated loss adjustment. The motion picture, "Bank and Agents Plans in Action," was presented. President Reece L. Russell, Lawton, presided.

San Antonio Women Hold Lively Question Session

The Insurance Women of San Antonio held an open forum with Mrs. Rosalie Summers as interlocutor. Walter Gallaway, Fire Companies Adjustment Bureau; Oliver Sawtelle, president San Antonio Insurance Exchange; Mrs. Fred Wortham, P. K. Dunbar Agency; W. B. Atkins, Employers group; Harold G. Reinhackel, America Fore; C. E. Kline, Aetna Casualty, and R. S. Reed, Maryland Casualty, answered the questions.

Among the subjects which provoked considerable discussion were the combined additional automobile coverage, medical payments on commercial automobiles, compensation coverage of injuries in alterations, the 10% off-premises fire coverage, reporting forms, personal property floater and commercial blanket and blanket position bonds.

Ladd Is Stiles Partner

Piper & Stiles agency, San Antonio, has become Piper, Stiles & Ladd. W. L. Stiles, who became the sole owner on the death of F. A. Piper in 1931, has taken in F. C. Ladd, Jr., as a partner.

The agency was formed in 1895 when the new partners bought an agency that had been established in 1883. The change in name removes from the membership of the Texas Assn. of Insurance Agents the only agency name that has remained unchanged and still operated by one present at the first meeting at

Waco in 1898. Mr. Stiles was a charter member of the Texas association, attended the first convention, became the second president, serving two terms in 1899 and 1900 and 20 years later, in 1919 and 1920, again served two terms.

Report on Nashville

NASHVILLE—The National Board has released a report on fire insurance rating conditions in Nashville, based on the first inspection made by its representatives in 13 years. The fire department was described as "fairly well equipped" and the fire alarm system as "generally adequate, fairly well maintained and under good supervision," but there is "an inadequate number of pumpers" and ladder companies "are insufficient in number and service to several areas is adequate." The department was scored for lack of training facilities for firemen and the report declared that "the city's building code has become outmoded in a number of respects and is deficient in some requirements related to important fire prevention features." Failure of the fire department to make building inspections for several years was condemned.

Change Richmond Name

Charter of the Insurance Exchange of Richmond has been amended, changing its name to Richmond Assn. of Insurance Agents.

To Observe Legislation

NASHVILLE—The executive committee of the Tennessee Assn. of Insurance Agents has made plans for a vigilant representation at the meeting of the legislature in January. Manager George Goss announced that a decision is expected in the auto dealers licensing

case before the state court of appeals Dec. 21.

B. P. Carter Incorporates

B. P. Carter, manager Virginia-Carolina department, Richmond, has incorporated as the B. P. Carter Co., with authorized maximum capital of \$150,000. He is president.

New Higginbotham Special

Clyde T. Higginbotham & Co., Jacksonville general agents, have appointed two Florida special agents.

Howard F. Stearns, Jr., formerly with Woodward-Crowder Co., of Tampa, will travel southeast Florida with headquarters at Tampa. He graduated from the University of Florida in 1940 and was with Woodward-Crowder until he entered the army, serving 32 months and returning with the rank of major.

William C. Filler, formerly with the Florida Inspection & Rating Bureau at Miami, will travel the lower east coast of Florida with headquarters at Miami. He attended Dartmouth and Rensselaer Polytechnic and served nearly four years in the navy.

NEWS BRIEFS

Elmo Wilkes, Sr., adjuster for the National Board, has been elected president of the North Memphis Civic Club.

Miss Gertrude Quackenbush, local agent, has been elected president, and Wesley F. Jones, also a local agent, was reelected vice-president of the Jackson (Tenn.) Real Estate Board.

The bosses' day luncheon of the Insurance Women of Dallas brought out a capacity crowd. The Dallas group now has 193 members. Miss Vera Keyes, president, announced. Hal Guldedge, vice-president of the Dallas Insurance Agents Assn., responded for the bosses. Mrs. Dorris Shelton Still spoke on Tibet.

PACIFIC COAST AND MOUNTAIN

Sherman Joins Atlantic Mutual Pacific Division

Edward L. Sherman, assistant secretary of Pacific National, on Jan. 1 will join the fire underwriting staff of the Pacific division of Atlantic Mutual and Centennial.

Mr. Sherman has had wide experience in the fire insurance field. He started with Liverpool & London & Globe in San Francisco in 1928, joined Associated F. & M. in 1930 and the next year joined Pacific National at San Francisco.

With Pacific National, Mr. Sherman was at Philadelphia from 1936 to 1938, and in 1938 transferred to Chicago as chief underwriter. He returned to San Francisco in 1943 as assistant secretary and Pacific Coast fire manager.

Entertain Legislators

LOS ANGELES — Los Angeles county members of the legislature and of Congress were guests at a cocktail party of the Insurance Assn. of Los Angeles. President Robert J. White of the association and other officers and directors aided in welcoming the legislators.

U. S. Aviation Has Seattle Office

The United States Aviation group has opened a service office at Seattle, in charge of Jack Throne, manager. He has supervision over Washington, Oregon, Idaho and Alaska.

Craft Retires as West Coast Head of Phoenix-London

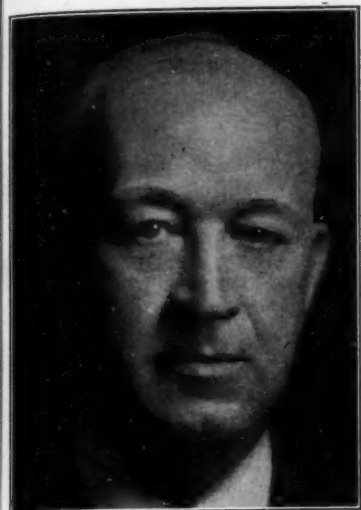
SAN FRANCISCO — Charles A. Craft, who first joined the Phoenix-London group in 1916 as special agent in Washington and became its Pacific Coast manager in 1927, will retire from active business Jan. 1. Mr. Craft's retirement at the end of this year was indicated several months ago.

He will be succeeded by Munro English and Jack S. Sheppard, who become manager and associate manager respectively. They have been assistant managers of the fire companies and Mr. Sheppard has been manager of Phoenix Indemnity, which he joined shortly after he started operations on the coast. R. Allen Hickman, formerly in the Texas field, who was transferred to San Francisco about a year ago, becomes assistant manager.

In Insurance Since 1901

Mr. Craft has been in the insurance business since 1901 when he joined the Portland office of the Pacific Board. He served in the Spanish-American war and returned to the board in 1901, remaining there until 1905 when he joined the general agency of Canton, Bell & Co. in Portland. Later he became manager for Johnson & Higgins in Oregon. After serving Phoenix Assurance as special agent he was transferred to Pacific Coast headquarters as superintendent of agencies. He went to Chicago in 1925 as general agent in the

western department and returned to the coast two years later as manager. He was elected a vice-president in 1944. Mr. Craft has long been active in associations and organizations. He is a



CHARLES A. CRAFT

past president of the Pacific Board and has served as treasurer and director of the National Automobile Club.

Grand Jury to Investigate \$750,000 Fire Policy Deal

SEATTLE—One of the principal items to be considered by the King county grand jury in January will be the whereabouts of a \$750,000 fire policy on the county-owned Firland Sanitarium.

The missing policy was originally written effective Feb. 5, and shortly thereafter Prosecuting Attorney Lloyd Shorett began a probe to determine who ordered the coverage. The agent who placed the risk, Dave C. Watson of Seattle, charged that the policy was ordered by two of the commissioners, both of whom deny any knowledge of the transaction. The matter came up when the county hospital board received a bill for the premium in the amount of \$13,912.15. At the same time Watson submitted a second bill for \$518.93 premium on the Morningside Sanitarium.

Claims County Not Bound

At the time of the investigation, Prosecutor Shorett ruled that the county was not bound to pay for either policy as the insurance was not ordered in a manner prescribed by law. When it was pointed out that the county had the year before entered into a contract with the King County Assn. for placing all business under the jurisdiction of the county commissioners, the commissioners at a subsequent meeting ordered the association to place the coverage in the usual manner. This was later done, although no determination was ever made as to who ordered the policy and the policy itself to date has not been uncovered.

Butte Agents Give OK to All-Industry Program

A discussion of insurance legislation took place at a meeting at Butte attended by about 75 insurance men and Montana legislators.

The speakers were Kelsey W. Haviland of Deer Lodge, state director of Montana Assn. of Insurance Agents, and T. J. Davis of Butte.

An analysis of the all-industry bill was given by Commissioner Holmes and Frank J. Sullivan of the Pacific Board.

The Butte Assn. of Insurance Agents sponsored the meeting. Special guests included Neil E. Flaherty, deputy insurance commissioner; John C. Sheehy, deputy investment commissioner; J. W.

Carney, state fire marshal, and Charles W. Cook of the Pacific Board.

M. Y. Daniel presided. The members approved the proposed rating bill.

Arizona Assn. Resolution Backs Minimum Regulation

The Arizona Assn. of Insurance Agents has passed a resolution to the effect that the public interest requires some rate regulatory legislation in the forthcoming legislature, but that the association favors only such legislation as will constitute a minimum departure from the present methods.

President Kenneth L. Nehring has appointed an executive committee to study rate regulatory legislation which consists of C. W. Bond, Ralph Cash, and Edward Bringham, Phoenix; Harry Talmadge, Tucson, and Frank Sharpe, Jr., Douglas. The committee is holding a full day meeting each week up until Jan. 15.

Confesses Embezzlement

Raymond Rickard, Bremerton, Wash., local agent, has confessed to embezzling \$3,500 in premiums which he failed to remit to McCollister & Co., general agents at Seattle for U.S.F.&G. and Fidelity & Guaranty Fire.

Zener Has New Office

The Walter R. Zener Adjustment Co., Albuquerque, N. M., has opened an office at Casper, Wyo. Homer F. Simmons, who has had 12 years' experience as an adjuster, will manage that branch. The company now has six branches in Colorado, Wyoming and New Mexico.

NEWS BRIEFS

The Merryweather-Rich Co., Spokane local agency, has appointed Will H. Hoppe, formerly of the Standard Realty Co., manager of its insurance department.

Harbor Insurance Co. of San Diego has been authorized to sell 10,000 additional shares of stock with \$10 par value at \$27 per share.

J. H. Hicks, until recently vice-president of the New Mexico State Bank at Albuquerque, has joined the Berger & Briggs agency there.

Portland Assn. of Insurance Agents has resumed the monthly luncheons discontinued at the start of the war. Meetings are on the first Tuesday of each month. Study classes have surpassed expectations with 80 enrolled.

MIDDLE WEST

Wis. Association Leaders Lay Plans for Action

MILWAUKEE—Plans for action during the coming year were outlined at a meeting here of the officers, executive committeemen and committee chairman of the Wisconsin Assn. of Insurance Agents. There was a full attendance except for Walter C. Rhodes, Madison, chairman of publicity-education, who was prevented from coming because of illness. Membership, finance, fire and accident prevention, company-agency relations and legislative plans were discussed.

The immediate heavy program of the legislative committee is to revise the agents qualification and licensing bill according to suggestions received from members following the discussion of the draft at the recent state convention, and have it ready for presentation in the 1947 legislature. Members of the committee will also confer with the insurance department to present the local agent's viewpoint on the all-industry rate regulatory bill being formulated for Wisconsin.

Wichita Christmas Party Plans

WICHITA—Elmer C. Beezley of Beezley, Outland & Foote is general chairman for the Christmas party of the

Wichita Assn. of Insurance Agents Dec. 19. About 200 are expected to attend, including the officers and executive committee of the Kansas association, public officials, office employees, field men and other guests. Dr. Emery W. Luccock of the First Presbyterian Church, recently of Evanston, Ill., will be the speaker. The Victor G. Henry "Achievement Cup" will be awarded to the Wichita member who has contributed the most to the association during the year.

Hold Iowa Mutual Schools

ATLANTIC, IA.—The Iowa Assn. of Mutual Insurance Agents is holding a series of schools of instruction, the first, for southwestern Iowa, being held here Dec. 11.

Moderator was J. M. Winchell, Mutual Fire & Tornado, Cedar Rapids. A. H. Adams, Western Mutual Fire, spoke on auto claims; William Bowles, Farmers Casualty, on automobile policies; Leroy Bruce, Employers Mutual Casualty, on workmen's compensation; C. H. Davis, Mill Owners Mutual, on personal property floater and E. H.

Warner, Merchants Mutual Bonding, on bonds.

Western Adjustment Changes

G. H. Mickelson of the Cedar Rapids office of Western Adjustment has been appointed resident adjuster at Fort Dodge, Ia. He has been with Western Adjustment seven years at Cedar Rapids. R. W. Walker, who has been resident adjuster at Fort Dodge, is being transferred to St. Paul as staff adjuster.

Lincoln Claim Men Elect

LINCOLN, NEB.—Fred Irons was elected president of the Lincoln Claim Men's Assn., made up of casualty and fire adjusters, at its first meeting since 1943. George Molstad was elected first vice-president; Joseph Iverson, second vice-president; James Mitchell, secretary.

Cats Elect Dec. 16

The annual meeting of the St. Louis court of Cats Meow will be held Dec. 16.

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The nominating committee has submitted two tickets, promising a spirited contest.

Neb. Tax Total Up

LINCOLN, NEB.—Fire companies premium taxes in Nebraska totaled \$13,807,000 for 1946, State Tax Commissioner Armstrong reports. Last year's total was \$10,161,836.

Clark Hall has purchased the interest of his partner, O. R. Byers, in the Hall & Byers agency, Red Oak, Ia.

Marine Office of America Makes Four Promotions

NEW YORK—Marine Office of America has promoted John M. Robinson to hull underwriter, William D. Beaumont to assistant hull underwriter, Robert B. Mulholland to manager agency department, and John F. Cooney to manager of the Baltimore office.

Mr. Robinson joined Marine Office in

1936 and returns to the hull department, where he was assistant underwriter prior to the war.

Mr. Beaumont joined Marine Office in 1939 at which time he opened the Baltimore office. He recently returned as manager at Baltimore and is now being transferred to the home office in New York City.

Mr. Mulholland joined the organization in 1931 and after underwriting experience at New York was transferred to Syracuse in 1937 and to Philadelphia in 1941, returning to New York in 1943 as an underwriter in the hull department.

Mr. Cooney joined Marine Office in 1942 and after a short connection with the Baltimore office was transferred to New York as assistant underwriter. He recently has been a field representative of the Baltimore office.

The Marine Underwriters Assn. of Southern California held its Christmas banquet at Los Angeles.

N.A.I.C. Unit Accepts Report on "Comp" Base

(CONTINUED FROM PAGE 17)

bureau said the industry appreciates that the problem is not just a workmen's compensation problem. Studies of other kinds of insurance along this line will be needed.

The industry is anxious to have the sub-committee of insurance department experts meet with it so that there will be in 1947 some figures for rate making purposes.

Hodges said that to get something definite on which there is general agreement will take quite a while.

Cooperation Promised

Henry D. Sayer, New York Compensation Insurance Rating Board, said his organization is willing to contribute anything it can. The New York department is very interested in studies of gradation of expense.

Why don't the companies go ahead with their studies and support rate filling with such data? Hodges questioned. Cooperation between commissioners and the industry is necessary, Mr. Cahill replied. It would be a mistake to leave it up to the companies. Preliminary work may show the approach is not correct.

Gibbs and Hodges pointed out that June, 1947, is the earliest the commissioners' convention would take action. However, Gibbs said, each commissioner might issue a call on his own authority.

Timely Subjects at A.M.A. Forum Cover Wide Field

(CONTINUED FROM PAGE 13)

erty, but the burden is on the insured to prove that the missing property was stolen by employees. In answer to another question, Mr. Wolff said that commercial blanket bonds are sufficiently flexible to exclude almost any employee the insured wishes. He advised against excluding forgery by employees from forgery policies, on the ground that the premium saving is not worth the loss of what may be important additional fidelity protection.

Mr. Mitchell was asked whether the usual motor cargo policy covers goods shipped by truck while the trucks are held over en route temporarily by the insured's order. He said that there is no coverage unless the policy is specifically endorsed.

Ark. Mutual Men Gather

The Arkansas State Assn. of Mutual Insurance Companies met at Conway Tuesday. Speakers included Harry P. Cooper, Jr., Indianapolis, secretary National Assn. of Mutual Insurance Companies; H. O. Davis and R. A. Dorman of Fayetteville, Ark.; Carl Rutledge of Des Moines and H. L. Benton of Conway.

Farm Committee of Fire Waste Council Maps 1947 Schedule

(CONTINUED FROM PAGE 3)

not permitted to answer an alarm beyond the city limits. The explanation for the latter was that the department is maintained by the taxpayers of the city and if the men and the equipment go beyond that city limits, it leaves property unprotected.

Joint City-Township Work

A check on the Iowa code by the county attorney and a special committee showed that it would be possible for townships to levy taxes for the purpose of maintaining, owning, renting, or purchasing fire apparatus or equipment, independently or jointly with any adjoining townships.

Mr. Palmer stated that a plan worked out whereby the adjoining townships were assessed taxes to raise sufficient money with which to purchase equipment and employ two full-time firemen in conjunction with two additional firemen to be added to the city department.

The new equipment is to be given to the city and housed in the central fire station and each year enough money from the tax levy is to be turned over to the city to pay the salary of the two additional firemen. Thus, it will be possible to maintain a 24 hour call for the protection of the city and township with the latter having priority on the township's equipment. Each of the four townships will organize its own volunteer department to answer any alarm within the township.

Rodgers Gives History

Mr. Palmer maintained that this plan will be feasible for townships in a state having provision in its code similar to that found in Iowa. The agricultural committee agreed to give serious consideration to the plan and recommended additional plans in the manual of rural fire prevention and protection to be released through chambers of commerce throughout the country.

Mr. Rodgers reminisced on the early days of the agricultural committee and mentioned that it was created as a direct result of an all day conference of farm fire losses at Underwriters Laboratories in October, 1925. This conference was held jointly by the Agricultural Editors Assn., Agricultural Publishers Assn. and Farm Underwriters Assn. Mr. Rodgers explained.

Public Relations

He added that the background behind this meeting was an interesting history of public education on the part of the Farm Underwriters Assn. During the farm depression following the first war Mr. Rodgers said many F.U.A. companies were, on the average, disbursing \$1.20 for each dollar of income from insurance on farm property and that local companies were feeling the pinch of the conditions.

Confronted with this situation, the insurance companies had one of three choices; discontinuing writing farm insurance, increasing rates, or improving risks. Mr. Rodgers added, as every one now knows, they chose to do the latter and that with the cooperation of many interested organizations the work progressed.

Mr. Cryan indicated that the estimated annual fire loss for 1946 totaled \$600 million and that "10,600 persons would be burned" and that of this total the farm fire losses are estimated at \$80 million with injuries to 3,500 people.

Plan Illinois Meetings Jan. 21-22

The Illinois Fire Underwriters Assn. is holding its midyear meeting at the Jefferson hotel, Peoria, Jan. 22 in the morning. The Illinois Blue Goose will meet the evening of the 21st at Peoria.

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